

LAW OFFICES  
SMITH, BARSHOP, STOFFER & MILLSAP  
INCORPORATED  
ONE RIVERWALK PLACE, SUITE 1000  
700 NORTH ST. MARY'S STREET  
SAN ANTONIO, TEXAS 78205-3585  
TELEPHONE (512) 227-7565 TELECOPIER 227-5514

RECORDATION NO. 18155  
MAR 10 1993 3-10 PM  
INTERSTATE COMMERCE COMMISSION

March 10, 1993

RECORDATION NO. 18155  
MAR 10 1993 3-10 PM  
INTERSTATE COMMERCE COMMISSION

FEDERAL EXPRESS

Secretary  
Interstate Commerce Commission  
12th and Constitution Avenue, N.W.  
Washington, D.C. 20423  
Attn: Mildred Lee

Dear Secretary:

I have enclosed one (1) original and one (1) counterpart of each of the documents described herein to be recorded pursuant to §11303 of Title 49 of the U.S. Code. These documents are one (1) Security Agreement and one (1) Loan Agreement dated March 4, 1993. The Security Agreement is to be recorded as a primary document and the Loan Agreement is a secondary document.

The names and addresses of the parties to this document are as follows:

Crystal City Railroad, Inc. (Debtor and Guarantor)  
103 N. Oak  
O'Fallon, Illinois 62269

NationsBank of Texas, N.A. (Secured Party and Lender)  
Uvalde Banking Center  
220 E. Main St.  
Uvalde, Texas 78801-5639

A description of the specific equipment covered by the Security Agreement and Loan Agreement is as follows:

Locomotive No. 1233, SW9, Serial No. 29446  
Locomotive No. RSM-7, NW2, Serial No. 125678C3735  
Locomotive No. TRS-4159, GP7, Serial No. 12-567-A  
Case 580-D Super Backhoe, Serial No. 9070198 and  
580-C Backhoe (1978 Case), Serial No. 8957590.

Included in the property covered by the aforesaid Security Agreement and Loan Agreement are railroad cars, locomotives and other rolling stock intended for use related to interstate commerce or interests therein owned by Crystal City Railroad, Inc. at the date of said Security Agreement and Loan Agreement or thereafter

Interstate Commerce Commission  
March 10, 1993  
Page 2

acquired by it or its successors as owners of the lines of railway covered by the Security Agreement and Loan Agreement.

A short summary of the Security Agreement to appear in the index is:

"Primary documents. Security Agreement dated March 4, 1993 entered into by and between Crystal City Railroad, Inc. ("Debtor") and NationsBank of Texas, N.A. covering all of Debtor's equipment, including, but not limited to, all rolling stock; accounts receivable; certain stock and certain real estate, and specifically including, but not limited to, the following described equipment:

Locomotive No. 1233, SW9, Serial No. 29446  
Locomotive No. RSM-7, NW2, Serial No. 125678C3735  
Locomotive No. TRS-4159, GP7, Serial No. 12-567-A  
Case 580-D Super Backhoe, Serial No. 9070198 and  
580-C Backhoe (1978 Case), Serial No. 8957590."

A short summary of the Loan Agreement to appear in the index is:

"Secondary Document. Loan Agreement to Security Agreement dated March 4, 1993 and entered into, among other parties, by and between Crystal City Railroad, Inc. ("Debtor") and NationsBank of Texas, N.A. covering all of Debtor's equipment, including, but not limited to, all rolling stock; accounts receivable, certain stock and certain real estate, specifically including, but not limited to, the following described equipment:

Locomotive No. 1233, SW9, Serial No. 29446  
Locomotive No. RSM-7, NW2, Serial No. 125678C3735  
Locomotive No. TRS-4159, GP7, Serial No. 12-567-A  
Case 580-D Super Backhoe, Serial No. 9070198 and  
580-C Backhoe (1978 Case), Serial No. 8957590."

A fee of \$16.00 is enclosed. Please return the originals and any extra copies not needed by the Commission for recordation to Teresa Ereon Giltner in the enclosed self-addressed stamped envelope at:

Smith, Barshop, Stoffer & Millsap, Inc.  
700 N. St. Mary's Street  
Suite 1000  
San Antonio, Texas 78205

Interstate Commerce Commission  
March 10, 1993  
Page 3

We appreciate your assistance in this matter. Should you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

*Teresa Ereon Giltner*

Teresa Ereon Giltner  
Attorney for NationsBank of Texas, N.A.

teg\7418.457  
inter7.ltr\dme\1

Enclosures

cc: Mr. Kenneth Bonnet  
Mr. Kerry T. Benedict (firm)

MAR 10 1993 3:10 PM

CERTIFICATE

INTERSTATE COMMERCE COMMISSION

I DINA M. ESPINACO a Notary Public in and for the State of Texas, hereby state that I have compared a copy of the Loan Agreement attached hereto with the original Loan Agreement and have found the copy to be complete and identical in all respects to the original document.

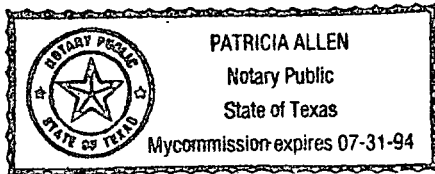
EXECUTED this 10th day of March, 1993.

Dina M. Espinaco  
NOTARY PUBLIC

STATE OF TEXAS §  
COUNTY OF BEXAR §

This instrument was acknowledged before me on the 10th day of March, 1993, by DINA M. ESPINACO.

(NOTARY SEAL)



Patricia Allen  
Notary Public, State of TEXAS

CERTIFICATE

I KATHLEEN TRUELOVE, a Notary Public in and for the State of Missouri, hereby state that I have compared a copy of the Loan Agreement attached hereto with the original Loan Agreement and have found the copy to be complete and identical in all respects to the original document.

EXECUTED this 4th day of March, 1993.

Kathleen Truelove  
NOTARY PUBLIC

KATHLEEN TRUELOVE  
NOTARY PUBLIC - STATE OF MISSOURI  
MY COMMISSION EXPIRES OCT. 4, 1994  
ST. LOUIS COUNTY

STATE OF Missouri §  
City §  
~~COUNTY~~ OF St. Louis §

This instrument was acknowledged before me on the 4<sup>th</sup> day of March, 1993, by Kathleen Truelove.

(NOTARY SEAL)

Lynette E. M. Just  
Notary Public, State of Missouri

LYNETTE E. M. JUST  
NOTARY PUBLIC - STATE OF MISSOURI  
MY COMMISSION EXPIRES SEPT. 20, 1994  
ST. LOUIS COUNTY

MAR 10 1993 3:10 PM

LOAN AGREEMENT

INTERSTATE COMMERCE COMMISSION

This Loan Agreement (this "Agreement") is dated effective the 4th day of March, 1993, and is by and between GREGORY B. CUNDIFF and CONNIE S. CUNDIFF (referred to collectively and individually as the "Borrower" as to the Term Loans described herein); and IRONHORSE RESOURCES, INC., a Missouri Corporation (referred to as "Ironhorse" as the borrower under the Revolving Loan described herein) and RAILROAD SWITCHING SERVICE OF MISSOURI, INC., a Missouri corporation, TEXAS RAILROAD SWITCHING, INC., a Missouri corporation, CSC ENTERPRISES, INC., an Illinois corporation, CRYSTAL CITY RAILROAD, INC., a Missouri corporation, IRONHORSE RESOURCES, INC., a Missouri corporation, RIO VALLEY RAILROAD, INC. a Missouri corporation, JME ENTERPRISES, INC., a Missouri Corporation, and GREGORY B. CUNDIFF and CONNIE S. CUNDIFF (each referred to herein individually as a "Guarantor" or collectively as the "Guarantors"); and NATIONSBANK OF TEXAS, N.A., UVALDE BANKING CENTER (the "Lender").

This Agreement is made to set forth the agreement of the undersigned relating to (i) the terms and conditions of a \$200,000.00 revolving loan ("Revolving Loan"), (ii) the terms and conditions of a \$348,000.00 term loan ("\$348,000.00 Term Loan"), and (iii) the terms and conditions of a \$282,000.00 term loan ("282,000.00" Term Loan"), singularly and collectively sometimes referred to herein as the "Loan" or the "Loans", and the agreement of the undersigned to cross default the Loans described herein:

LOAN TERMS DEFINED

Terms Defined. As used in this Agreement, the following terms shall have the meaning set forth below:

Advance - any draw or drawing of proceeds on the Revolving Note described below.

Agreement - means this Loan Agreement as originally executed, or as hereafter amended.

Business Day - is a day other than a Saturday, Sunday or legal bank holiday in the State of Texas.

Cash Flow Coverage Ratio - means net income plus depreciation, divided by principal payments of long term debt due within the next year.

Eligible Accounts - means all of Borrowers' and Guarantor's accounts receivable, excluding (i) those accounts owed by Borrower or any Guarantor, or their affiliates or subsidiaries, (ii) those which remain unpaid ninety (90) days or more from the invoice date, (iii) any accounts which are subject to a contractual right of setoff, or are otherwise in dispute, and (iv) those owed by any account debtor (except for Union Pacific Railroad and its affiliates and subsidiaries) if more than twenty percent (20%) of

such account debtor's total account remains unpaid ninety (90) days or more from the due date.

Financial Statements - means the Financial Statements described and referred to in Section VIII(B) hereof.

Indebtedness - means all sums advanced by Lender to Borrower under the Loans, and all other sums due and owing pursuant to the terms of any loan document executed in connection with the Loans, as well as any other loans from Lender to Borrower, now existing or hereafter arising.

Notes - means the Promissory Notes described in Sections I, II, and III below, and any and all renewals, extensions or rearrangements thereof.

Person - means any natural persons, corporations (which shall be deemed to include business trusts), associations, companies, partnerships, joint ventures and any governmental unit or any department or agency thereof.

Promissory Notes - means the Notes described in Sections I, II and III below, and any and all renewals, extensions or rearrangements thereof.

Revolving Note - means the Note described in Section I, and any and all renewals, extensions or rearrangements thereof.

Tangible Net Worth - means net worth less (i) any notes or accounts receivable to any Guarantor or Borrower, or any related entity, employee, subsidiary or affiliate, (ii) any investment in any Guarantor or Borrower, or any related entity, employee, subsidiary or affiliate, and/or (iii) any leasehold improvements, leaseholds, deferred charges, goodwill, patents, trademarks, organization expenses and any other intangible assets.

Term Loans - means the loans described in Sections II and III below.

\$348,000.00 Term Note - means the Note described in Section II, and any and all renewals, extensions or rearrangements thereof.

\$282,000.00 Term Note - means the Note described in Section III, and any and all renewals, extensions or rearrangements thereof.

Each accounting term not defined herein shall have the meaning given to it under Generally Accepted Accounting Principles applied on a consistent basis to the financial statements and affairs of the Borrower and/or any Guarantor.

This Agreement contains references to Exhibits, and it is agreed that if there is any conflict between the terms and

provisions of this Agreement, and those of the Exhibits, the terms and provisions of the Exhibits shall control.

Therefore, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned parties agree as follows:

I. \$200,000.00 Revolving Loan.

A. Terms of the \$200,000.00 Revolving Loan.

1. Amount of the Loan. Lender agrees that so long as: (i) Ironhorse has complied with all of the terms hereof, (ii) Ironhorse has complied with all of the terms of any other documents referred to herein, and (iii) Ironhorse is not in default under the terms of this Agreement, or under any document referred to herein, then in such event, the Lender will advance to Ironhorse, in accordance with Advance procedures established herein, from the date hereof until May 1, 1994, such amounts as are requested from the Lender by Ironhorse; provided, however, that the total amount of Advances under the Revolving Note shall not exceed Two Hundred Thousand and No/100 Dollars (\$200,000.00). Within such limitations, and subject to the terms and conditions of this Agreement, Ironhorse may borrow, repay, and re-borrow under the Revolving Note.

2. Use of Proceeds. The aggregate proceeds from the Lender's funding of the Revolving Loan shall be used to finance working capital requirements of Ironhorse in its railroad operations, and to pay for its general business operating expenses.

3. Revolving Note, Interest Rate and Maturity. The obligation of Ironhorse to the Lender for the Revolving Loan to be made under this Agreement shall be evidenced by a Revolving Line of Credit Note, executed by Ironhorse, payable to the Lender (a copy of said Note being attached hereto as Exhibit "A"). The Revolving Note shall be in the principal amount of \$200,000.00. The Revolving Note shall bear interest at a rate equal to the lesser of (i) the highest rate allowed by applicable law, or (ii) the Prime borrowing rate of interest being charged by Lender plus two percent (2.0%), adjusted on the date of each change in said interest rate. Interest only, computed on the unpaid principal balance of the Revolving Note, shall be due and payable monthly beginning March 1, 1993 and continuing regularly and monthly thereafter until May 1, 1994 when all principal and accrued, but unpaid, interest due on the Revolving Note shall be due and payable in full. All of the remaining terms and conditions of the Revolving Note are shown on Exhibit "A", unless otherwise agreed by Lender and Ironhorse in writing.

4. Commitment Fee. Ironhorse will pay Lender a loan commitment fee equal to one percent (1%) of the Revolving Loan upon acceptance of the Lender's commitment to make such Loan. It is



agreed that no additional commitment fee shall be payable on any renewal or extension of the Revolving Loan (it being understood that Lender has made no commitment to extend such loan after the original maturity date thereof), unless the amount of the Revolving Loan is increased, in which event, Ironhorse shall only be obligated to pay a commitment fee equal to one percent (1%) of the amount of the increase in the stated principal amount of such loan.

**B. Advances to Ironhorse under \$200,000.00 Revolving Loan.**

1. Procedure for Advances. Advances on the Revolving Note shall be made from time to time only upon the sole request of Ironhorse, and in accordance with the terms and conditions of this Agreement. Ironhorse shall be limited to two (2) Advances per week on the Revolving Loan. Each request for an Advance shall be in an amount not less than \$5,000.00. Whenever Ironhorse desires to have the Lender make an Advance under the Revolving Note, Ironhorse shall (1) give to the Lender, by telephone, notice of each borrowing requested under this Agreement, specifying (a) the amount of the Advance being requested and (b) the date of such borrowing (which shall be a Business Day) and, (2) Ironhorse shall follow up on such telephone notice, on the same day of such telephone notice, by sending via facsimile a written confirmatory notice and application to Lender, on a form and containing such information and representations as shown on the attached Exhibit B, signed by an authorized representative of Ironhorse, stating (a) that no event of default or potential event of default exists and is continuing (b) that all warranties and representations of Ironhorse in this Agreement are true and correct in all material respects as of the date of the Advance notice and application, (c) the total amount of the borrowing requested and a schedule of the use of the funds being advanced, (d) the date such borrowing is requested, (e) by way of summary calculation, verification that Ironhorse is in compliance with the funding limits of this Agreement, after giving effect to the Advance requested. Ironhorse agrees that amounts available for advancement under the Loan shall be made according to calculations made and approved by Lender. Lender shall not be required to verify the accuracy or validity of any notice given for an Advance. Ironhorse and Borrower agree to indemnify and hold Lender harmless from any mistake or misapplication of funds as a result of unauthorized notices given by Ironhorse's agents or employees under this Section.

2. Conditions for Advances. The Lender shall make an Advance only if at the time of the request:

(a) The total of the principal advanced under the Revolving Note, plus the amount of the requested Advance, will not exceed the lesser of (i) 80% of the Guarantors' collective Eligible Accounts or (ii) \$200,000.00. To the extent the aggregate outstanding Advances exceed the above lending limit, Ironhorse shall be required to make

a mandatory prepayment on the Revolving Note, to reduce the balance outstanding under the Revolving Loan, to bring Ironhorse in compliance with the availability requirements under the terms of the Revolving Loan.

(b) The obligations of the Lender to lend hereunder have not been terminated pursuant to any provision hereof;

(c) No Event of Default (as defined in Section IX hereof) exists, and no event has occurred and is continuing which with the lapse of time or notice, or both, would become an Event of Default;

(d) Except as otherwise disclosed to the Lender in writing (such disclosure to be approved by Lender in its reasonable judgment), no legal proceeding or other action is pending or threatened by or against the Ironhorse, the Borrower, and/or any other Guarantor, before any court or governmental agency which might have an effect which is material and adverse to the financial condition of Ironhorse and/or the Borrower, or which might cause an Event of Default;

(e) All conditions precedent to the obligation of the Lender to make the Advance have been fulfilled;

(f) All loan documentation required by Lender and/or its attorneys, including, but not limited to, the required Notes, and all required Security Agreements and Financing Statements, shall be executed by Ironhorse, Borrower and/or any other Guarantor as applicable; and

(g) Lender is not prohibited from making any Advance by operation of law, or by any court order.

## II. \$348,000.00 Term Loan

### A. Terms of the \$348,000.00 Term Loan.

1. Amount of the Loan. \$348,000.00

2. Use of Proceeds. The aggregate proceeds from the Lender's funding of the Term Loan shall be used to refinance Borrower's existing indebtedness currently outstanding with the First Bank of Illinois.

3. Note, Interest Rate, and Maturity. The obligation of the Borrower to the Lender for the \$348,000.00 Term Loan to be made under this Agreement shall be evidenced by a Note executed by Borrower, payable to Lender (a copy of said Note being attached hereto as Exhibit "C"). The \$348,000.00 Note shall be in the principal amount of \$348,000.00. The \$348,000.00 Note shall bear

interest at the rate of nine percent (9.0%) fixed per annum. Principal and interest shall be due and payable in equal monthly installments of \$4,408.32 each, beginning April 4, 1993 and continuing regularly and monthly thereafter until March 4, 2003, when all principal and accrued, but unpaid interest on the \$348,000.00 Note shall be due and payable in full. All of the remaining terms and conditions of the \$348,000.00 Note are shown on Exhibit "C", unless otherwise agreed by Lender and Borrower in writing.

4. Commitment Fee. Borrower will pay Lender a loan commitment fee equal to one percent (1%) of the \$348,000.00 Term Loan upon acceptance of the Lender's commitment to make such Loan.

### III. \$282,000.00 Loan

#### A. Terms of the \$282,000.00 Loan.

1. Amount of the Loan. \$282,000.00

2. Use of Proceeds. The aggregate proceeds from the Lender's funding of the \$282,000.00 Loan shall be used to refinance Borrower's existing indebtedness with the First Bank of Illinois.

3. Note, Interest Rate and Maturity. The obligation of the Borrower to the Lender for the \$282,000.00 Loan to be made under this Agreement shall be evidenced by a Note executed by Borrower, payable to Lender (a copy of said Note being attached hereto as Exhibit "D"). The \$282,000.00 Note shall bear interest at the rate of eight and one-half percent (8.5%) fixed per annum. Principal and interest shall be due and payable in equal monthly installments of \$5,785.00 each, beginning April 15, 1993 and continuing regularly and monthly thereafter until March 4, 1998, when all principal and accrued, but unpaid interest on the \$282,000.00 Note shall be due and payable in full. All of the remaining terms and conditions of the \$282,000.00 Note are shown on Exhibit "D", unless otherwise agreed by Lender and Borrower in writing.

4. Commitment Fee. Borrower will pay Lender a loan commitment fee equal to one percent (1%) of the \$282,000.00 Term Loan upon acceptance of the Lender's commitment to make such Loan.

### IV. Loan Documentation.

A. Closing Documents. The obligation of Lender to make the Loans is conditioned, in addition to any other conditions and/or documents provided for in this Agreement, or as otherwise required by Lender, upon the receipt by Lender of the following documentation, in the form and containing agreements approved by Lender:

1. Articles of Incorporation. Copy of the Articles of Incorporation and all amendments thereto of each Guarantor, to be

accompanied by a certificate of a representative of each Guarantor, dated as of the closing date, and certifying that each such copy is correct and complete as of the closing date;

2. Bylaws. Copy of the Bylaws, and all amendments thereto, of each Guarantor, to be accompanied by a certificate, dated as of the closing date, of the secretary of each Guarantor, certifying that each such copy is correct and complete as of the closing date;

3. Good Standing and Authority. Certificate from the appropriate governmental officials of the State of incorporation of each Guarantor, bearing a date not more than thirty (30) days prior to the closing date, to the effect that each Guarantor is in good standing with respect to payment of franchise and similar taxes in the state of incorporation of each; along with certificates from the Secretary of the State of Texas certifying that each foreign corporate Guarantor is authorized to conduct business in the State of Texas (unless Lender otherwise waives this latter requirement);

4. Resolutions. Copy of resolutions approving this Agreement and the Guaranty to be executed by each Guarantor, and authorizing the transactions contemplated in this Agreement, and the other loan documents executed in conjunction with this Agreement by each Guarantor, duly adopted by the Board of Directors and all shareholders of each Guarantor;

5. Rio Valley Railroad Lease. Borrower agrees to deliver a copy of the lease agreement negotiated between Rio Valley Railroad, Inc. and Union Pacific Railroad. Lender shall have the right to review and approve such lease prior to closing the Loans. Lender shall have the right to require any estoppel certificate and/or landlord lien waivers in connection with such lease that Lender determines, in its sole discretion, are necessary in connection with the Loans.

6. Opinion of Borrowers' Counsel. An opinion from the counsel for Borrower and each Guarantor in a form, and containing such information, as required by Lender;

7. The Promissory Notes. (See Sections I, II and III above);

8. Deed of Trust. A first lien Deed of Trust, executed by Borrower and/or the owner Guarantor, establishing a first priority lien on the Real Property ("Real Property") described on the attached Exhibit E and all improvements located thereon, as security for the Loans.

9. Security Agreement - Pledge. Such Security Agreements as may be required by Lender, by and between Lender, Borrower and Guarantor, executed by Borrower and/or Guarantor, on forms acceptable to Lender (to be filed with the Interstate Commerce Commission of the United States of America ("ICC") as required;

10. Financing Statements. All financing statements as may be required by Lender, in such forms as are acceptable to Lender, including, but not limited to, financing statement for all railroad locomotives taken as security for the Loans (to be filed with the ICC as required;

11. Unlimited and Unconditional Guaranties. Unlimited and unconditional guaranties ("Guaranty", or collectively, "Guaranties"), in a form satisfactory to Lender, and duly executed by each Guarantor;

12. Assignment of Life Insurance Policies-Gregory B. Cundiff. All Security Agreements and Assignment of Life Insurance Policy forms required by Lender in connection an assignment and pledge of life insurance on the life of Gregory B. Cundiff (in an amount of not less than \$667,900.00), duly executed and delivered to Lender by each owner thereof, and the issuing insurance company, the form of each policy, and the issuing insurance company to be acceptable to Lender;

13. Notice of Final Agreement;

14. Pledged Stock. Borrower shall pledge all of their stock in each of the corporate Guarantors as security for the Loans, such stock being represented to be all of the outstanding shares of stock for each such Guarantor. Borrower agrees to execute any and all security agreements, stock powers, stock pledges and other loan documents required by Lender to evidence the required pledge of stock, and to deliver possession of all original stock certificates to Lender.

15. Landlord's Waiver(s). Borrower/Guarantors agree to furnish Lender with satisfactory evidence that the landlord on the "Union Pacific Lease" will subordinate its statutory and contractual Landlord's liens to all liens held by Lender as security for the Loans. In addition, Borrower/Guarantors shall use their best efforts to obtain similar agreements in connection with any and all other leases where any portion of the Collateral is, or may be, located;

16. Other Loan Documents. Such other loan documents as may be reasonably required by Lender or its counsel from time to time. All of the above described documentation, along with any other Lender required Loan documents, is sometimes referred to herein as the "Loan Documents".

17. Regulatory Compliance. The Borrower and Guarantors agree that all Loan Documents shall be prepared to the extent necessary to comply with the requirements of the ICC and the Association of American Railroads ("ARR"), and Borrower and Guarantors agree to execute any forms and/or transmittal letters prescribed by the ICC for use in lending transactions such as contemplated hereunder.

## V. Payments and Prepayments.

A. Payment. All payments of principal, interest, and other charges hereunder, shall be made in lawful currency of the United States of America in immediately available funds.

B. Place of Payment. All payments made under the Notes to Lender shall be made on a Business Day at the principal banking office of such Lender at an address designated from time to time by Lender. Funds received at such banking offices later than 2:00 p.m. (local time for such Lender) shall be deemed to have been received by Lender on its next following Business Day. If the scheduled date for payment is other than a Business Day, payment shall be due on the next Business Day.

## VI. Security for the Promissory Notes.

A. Deed of Trust. To secure payment of all sums to be advanced Borrower by Lender under the Notes, and all other Indebtedness of the Borrower to the Lender under this Agreement, the Borrower and/or Guarantor shall grant Lender a first lien against the Real Property described above, on a form approved and required by Lender. All liens against the Real Property and held by First Bank of Illinois will be renewed, extended, and brought forward to secure the Loans.

B. Security Agreements and Financing Statements. To further secure payment of all sums to be advanced to the Borrower by Lender under the Notes, and all other Indebtedness of the Borrower to the Lender under this Agreement, the Borrower and each Guarantor, shall grant, to Lender, a security interest in the following described collateral (the personal property collateral described in this subsection B being sometimes herein referred to as the "Collateral"):

1. All equipment and rolling stock of Borrower and Guarantors.

2. All of Borrower's and Guarantor's accounts, receivables, and accounts receivable.

3. All of the personal property of Borrower and Guarantors, now owned, hereafter acquired or produced, as such property is described in the Security Agreements and Financing Statements.

4. All of the corporate stock now or hereafter owned by Borrower or any other third party in each corporate Guarantor.

The above described Collateral shall include, but shall not be limited to, all products or proceeds of any of the foregoing, now owned or hereafter acquired by the Borrower and/or any Guarantor. The Borrower and each Guarantor represent and agree that the liens and security interests granted to the Lender pursuant to the

Security Agreements, and the related Financing Statements, are valid and subsisting first liens against the properties herein and therein described, and said liens and security interests secure the payment of the Indebtedness.

C. Other Documents. The Borrower, Guarantors and the other undersigned parties will execute, or will cause to be executed, such other security agreements, financing statements, or other documents as are reasonably required by the Lender or its counsel to perfect the liens and security interests above mentioned, including, but not limited to, those documents listed in Section IV. above.

## VII. Common Agreements Applicable to the Loans.

### A. General Provisions and Yield Protection.

1. The obligation of the Lender to make the Loans (along with any future advances under the Revolving Loan) is subject to the accuracy of all representations and warranties of the Borrower and each Guarantor as of the date hereof, and as of the date any future advance is requested under the Revolving Loan.

2. The representations and warranties, affirmative covenants, negative covenants, and other provisions described herein shall be applicable to all Loans described herein.

3. The undersigned agree that all loan documentation as required by the Lender, in addition to those documents attached hereto as exhibits, shall be prepared by Lender's counsel, which such documentation to be approved in all respects by the Lender prior to the closing of the loans contemplated hereunder.

4. Each Guarantor hereby agrees that each Guaranty referenced above shall remain in full force and effect to secure each Loan described herein, as one or all may be extended from time to time.

5. Prepayment of Notes. Each Note executed pursuant to this Agreement shall provide that all prepayments shall be applied first to accrued and unpaid interest, and then to the principal payments, in the inverse order of maturity, and all Notes, except for the Revolving Note shall contain provisions substantially as follows:

" Prepayment of the Loan in full or in part, at any time and from time to time, shall be allowed provided that: (i) Borrower shall give at least five (5) business days notice, (ii) interest on the amount to be prepaid, accrued to the prepayment date, shall be paid on such prepayment date, (iii) each prepayment shall be in an aggregate amount of not less than \$100,000.00 and in increments of \$100,000.00 (unless such prepayment retires

the remaining Loan in whole), and (iv) any prepayments of the loan shall be in the amount of:

(x) 100% of the principal amount to be prepaid, plus interest accrued thereon to the date of prepayment, in the event that the Reinvestment Yield plus Closing Spread shall, on the applicable Determination Date, equal or exceed the Loan interest rate, or

(y) 100% of the principal amount to be prepaid, plus interest accrued thereon to the date of prepayment, plus a premium, in the event that the Reinvestment Yield plus Closing Spread shall, on such Determination Date, be less than the loan interest rate.

The premium shall equal: (i) the sum of the amounts representing the present value of each remaining payment of the principal and interest which would be required absent such prepayment, determined by discounting each such amount utilizing an interest factor equal to the Reinvestment Yield plus Closing Spread, less (ii) the principal. The "Determination Date" shall be the day five (5) days before the date fixed for a prepayment pursuant to a notice of the optional prepayment. The Reinvestment Yield shall mean the arithmetic mean of the rates, published for the five (5) business days preceding the applicable Determination Date, in the weekly statistical release designated H.15 (519) (or any successor publication) of the Board of Governors of the Federal Reserve System under the caption "U.S. Government Securities--Treasury Constant Maturities" opposite the maturity corresponding to the remaining maturity of the loan. If no maturity exactly corresponding to such remaining maturity shall appear therein, yields for the two most closely corresponding published maturities shall be determined pursuant to the foregoing sentence and the Reinvestment Yield shall be the average of such yields. The "Closing Spread" shall be the difference between the Loan Interest Rate and the Reinvestment Yield calculated based on the five (5) days preceding the Loan Closing Date."

6. If at any time after the date thereof, and from time to time, Lender determines that the adoption or modification of any applicable law, rule or regulation regarding taxation, Lender's required levels of reserves, deposits, insurance or capital (including any allocation of capital requirements or conditions), or similar requirements, or any interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation, administration or compliance of Lender with any of such requirements, has or would



have the effect of (1) Increasing Lender's costs relating to the obligations hereunder, or (2) Reducing the yield of rate of return of Lender on the obligations hereunder, to a level below that which Lender could have achieved but for the adoption or modification of any such requirements, Borrower shall, within fifteen (15) days of any request by Lender, pay to Lender such additional amounts as (in Lender's sole judgment, after good faith and reasonable computation) will compensate Lender for such increase in costs or reduction in yield or rate of return of Lender. No failure by Lender to immediately demand payment of any additional amounts payable hereunder shall constitute a waiver of Lender's right to demand payment of such amounts at any subsequent time. Nothing herein contained shall be construed or so operate as to require Borrower to pay any interest, fees, costs or charges greater than is permitted by applicable law.

#### VIII. Representations, Warranties and Covenants.

A. Representations and Warranties. The Borrower, Ironhorse, and each other Guarantor, as applicable, represent and warrant to the Lender (which representations and warranties will survive the delivery of the Promissory Notes) that:

1. Corporate Existence and Qualification. Each Guarantor is duly organized, validly existing, and in good standing under the laws of the State in which it was incorporated, and is duly qualified and in good standing in every other state it is doing business or engaging in activities which require qualification as a foreign corporation in such state (it is agreed that Lender may waive the requirement for this latter representation after it has performed its due diligence with regard to this issue), and has all requisite power, authority, licenses and permits to own and operate their property and business. Each Guarantor has all requisite power and authority to guarantee the Notes, and to execute and deliver, and to perform under all of the Loan Documents, as applicable, executed in connection with the Loans.

2. Corporate Authority. The making, delivery and performance by each Guarantor of and under the each Guaranty executed in connection with the Loans has been duly authorized by all necessary corporate action, has the approval of all shareholders of each Guarantor, and will not violate any provision of law, or any provision of any Guarantor's charter or bylaws, or result in the creation of any lien, charge or encumbrance upon any property or assets of any Guarantor which have been previously pledged pursuant to any other agreement or instrument to which any Guarantor is a party, or by which any Guarantor, or its/their property, may be bound or affected. The making, delivery and performance by each Guarantor of the Guaranties, does not require any license, consent or approval of any governmental agency, regulatory authority or any other Persons.

3. Financial Statements. The Borrower and each Guarantor represent that it/they has/have furnished to Lender such Financial Statements for the Borrower and each Guarantor as required by Lender, and that such statements fully and accurately reflect the financial condition of the Borrower and each Guarantor, as applicable. Except as disclosed in writing to Lender (such disclosure to be subject to Lender's approval), the Borrower and each Guarantor represent that no material adverse change has occurred in the condition, financial or otherwise, of the Borrower, and/or any Guarantor, since the dates of these Financial Statements.

4. Investments. Borrower and Guarantors have not made investments in, advances to, or guarantees of, or otherwise become responsible for, the obligations of any Person, except those disclosed in the Financial Statements.

5. Liabilities; Litigation. Except for liabilities incurred in the normal course of business, and as disclosed in the Financial Statements, the Borrower and Guarantors have no other liabilities, direct or contingent. Except for litigation and/or other proceedings, investigations or actions, disclosed in writing by Borrower and/or Guarantors (such disclosure to be subject to Lender's approval), there is no litigation, legal or administrative proceeding, investigation or other action of any nature pending against or affecting the Borrower or Guarantors which involves the possibility of any judgment or liability not fully covered by insurance, or which may materially and adversely affect the business or the assets of Borrower any Guarantor, or the right of the Borrower, any Guarantor, to carry on business as now conducted, or the ability of the Borrower, or any Guarantor, to perform under this Agreement. In addition, Borrower and Guarantors agree to immediately inform Lender of any contingent liabilities incurred, including, but not limited to, any lawsuit or action brought against Borrower and/or any Guarantor, after the execution of this Agreement.

6. Tax Returns. The Borrower and Guarantors have each filed, and will continue to file during the term of the Notes, all tax returns required to be filed (including, but not limited to franchise tax returns), and have paid and will pay all taxes shown thereon to be due, including interest and penalties (or have provided, or will provide, adequate reserves for payment thereof).

7. Prior Consents. No consent, approval or authorization of, or filing, registration or qualification with, any governmental authority, or any other third party, is required as a condition to the execution and delivery of this Agreement, the Notes or any other instruments referred to herein.

8. Properties. The Borrower and Guarantors have good title to all of his/their respective properties and assets reflected in his/their Financial Statements and as reflected in the Security

Agreements referenced herein, and such properties and assets are subject to no liens, encumbrances or claims whatsoever.

9. First Lien on Collateral. The Collateral described above is not encumbered by any other lien as of the effective date hereof, and Borrower and each Guarantor represent that the liens and interests of Lender in the Collateral shall be, and remain, first and prior liens until the Notes are fully paid.

10. Full Disclosure. Neither the Financial Statements, nor any statements contained in this Agreement, nor any other written data specifically described in this Agreement, which has been furnished to the Lender by the Borrower and/or any Guarantor in connection with this Agreement, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make sure statements or data not misleading in light of the circumstances under which it was made or furnished.

11. Subsidiaries. There are no subsidiaries of any Guarantor corporation.

12. Use of Proceeds. Borrower will apply all funds received under the Loans for the purposes outlined in Sections I, II and III above.

13. Compliance with Law. Borrower and each Guarantor are substantially in compliance with all applicable laws, regulations and ordinances, and in any event are in compliance with all laws, regulations and ordinances which, if violated, could adversely affect the financial condition and/or operations of Borrower, Ironhorse, or any other Guarantor. Upon Lender's request, Borrower and/or each Guarantor shall furnish evidence of such compliance which may include, but is not limited to, letters, licenses, permits, certificates and other correspondence from appropriate governmental authorities. Those laws, regulations and ordinances with which compliance must be maintained include, by way of illustration, but not by way of limitation, environmental protection laws, and interstate commerce rules and regulations. In this regard, Borrower and/or each Guarantor agree to execute any Loan Document from time to time requested by Lender evidencing Borrower's/Guarantor's compliance with such laws, and indemnifying Lender against any and all claims and liabilities incurred as a result of a violation of any such laws, rules or regulations.

14. Use Representation. The Borrower and Guarantors represent that all Guarantors are exempt from the provisions and requirements of 49 U.S.C., Section 11301, as amended, and that Borrowers' and/or Guarantors' rolling stock is not used and/or interchanged with rolling stock in Canada or Mexico.

**B. Affirmative Covenants Applicable to the Loans.**

Until all Indebtedness of the Borrower to the Lender has been fully paid, the Borrower and each Guarantor covenant and agree that they will do the following:

1. Financial Statements and Other Information. The Borrower, Ironhorse and each Guarantor shall furnish updated Financial Statements and other information to the Lender as follows, and at such other times, upon reasonable request of Lender:

(a) The Borrower, Ironhorse, and each Guarantor shall furnish Lender with the following financial and miscellaneous information within one hundred twenty (120) days after each year end for the Borrower and/or Ironhorse, as applicable, and within one hundred twenty (120) days after each Guarantor's fiscal year end, during the terms of the Notes:

(1) An annual financial statement for all Guarantors, (prepared on a consolidated and consolidating basis), prepared and reviewed by an independent Certified Public Accountant acceptable to Lender (however, it is agreed that Lender may require, at its option, such financial statement(s) to be audited by an independent Certified Public Accountant), containing such information as required by Lender, and on a form approved by Lender, to include a balance sheet, income statement, cash flow statements, statement of changes in net worth, and detailed contingent liability information;

(2) Annual financial statements of Borrower, prepared by Borrower or an independent Certified Public Accountant acceptable to Lender, on the then current Lender approved forms, containing such information as required by Lender, to include a balance sheet, income statement, cash flow statements, statement of changes in net worth, detailed contingent liability information, a projected cash flow statement for the following year, and footnotes discussing any significant changes from the prior financial statements furnished by Borrower.

(3) Names and address listings of all of Borrower's accounts receivable;

(4) Detailed annual cash flow projections for the next year for Borrower and each Guarantor;

(5) Book value listing of all Collateral owned by Borrower and/or each Guarantor;

(6) A Certificate of Compliance (Exhibit F) signed by Borrower and each Guarantor;

(7) A list of Borrower's/Guarantor's Collateral, as established by physical count;

(8) Financial Statements for all entities in which Borrower owns an interest equal to, or greater than, 10% of Borrower's net worth.

(b) The Borrower and each Guarantor shall furnish Lender with the following financial information within forty five (45) days after each fiscal quarter of each Guarantor, during the term of the Notes, beginning with the Guarantor's fiscal quarter ending March 31, 1993:

(1) Quarterly financial statements for all Guarantors, (prepared on a consolidated and consolidating basis), prepared by management, and containing such information as required by Lender, and on a form approved by Lender, to include a balance sheet, income statement, cash flow statements, statement of changes in net worth, and detailed contingent liability information;

(c) The Borrower shall furnish Lender with the following financial information within thirty (30) days after each calendar month, during the term of the Notes:

(1) Monthly aging of accounts receivable for all Guarantors (form and content to be approved by Lender); including names and address listings therefor;

(2) Copies of all financial reports filed with the ICC by Borrower and/or any Guarantor.

All Financial Statements required of each Guarantor hereunder must be accompanied by a Certificate of Compliance (Exhibit G), and signed by a responsible officer of each submitting corporation, to include the submitting parties' computation of each quantitative restriction set out below.

2. Collateral Information. Prior to the closing of the Loans, and thereafter annually, Borrower shall provide Lender with the following information. All such information shall be subject to Lender's review and approval.

(a) Track and Bridge inspection reports for the Rio Valley Railroad Line.

(b) A Net liquidation value analysis of the Crystal City Railroad. (This analysis is only required prior to closing)

3. Copies of Tax Returns. Borrower and each Guarantor shall furnish Lender with complete copies of their tax returns within thirty (30) days after completion and filing of such returns.

4. Copies of Leases and Lease Information. As a condition to Lender's requirement to make the Loans, and thereafter upon Lender's request, Borrower shall be required to furnish Lender with copies of the leases described on the attached Exhibit "F", along with copies of any other material leases now existing, or hereafter entered into, by Borrower or any Guarantor, affecting said parties' railroad operations. The making of the Loans shall be subject to Lender's review and approval of all lease arrangements now existing or hereafter entered into by Borrower and/or any Guarantor. In addition, prior to closing of the Loans, and from time to time upon the request of Lender, Borrower shall furnish Lender with a list of all leases entered into by Borrower and/or Guarantor, such listing to include the name, address and telephone number of each of Borrower's and Guarantor's landlords and a complete description of the property leased. This information shall be furnished to Lender in addition to copies of the actual leases themselves as required above. In addition, upon Lender's request, and on a monthly basis as required by Lender, Borrower shall furnish Lender with such evidence as is satisfactory to Lender showing that all lease payments for property used in Borrower's business operations have been made and are current.

5. Compliance with Laws and Regulations. The Borrower and Guarantor are in compliance with, and will comply with all statutes and governmental regulations applicable to the conduct of their business.

6. Payment of Notes. The Borrower will pay the Notes according to their terms, and will do and perform every act, and discharge all obligations to be performed and discharged under this Agreement, and all other documents referenced herein.

7. Insurance. The Borrower and each Guarantor now maintain, and will continue to maintain, with financially sound and reputable insurers, insurance with respect to its/their properties and business against such liabilities, casualties, risks and contingencies, and in such types and amounts, as shown in existing agreements of Borrower/Guarantor which require the maintenance of insurance (such insurance amounts to be subject to Lender's approval), and as otherwise required by Lender. The Borrower/Guarantor will furnish to the Lender, copies of the applicable insurance policies. All insurance policies shall provide that the same shall not be canceled without at least fifteen (15) days prior written notice to Lender. All policies shall provide that any losses payable thereunder shall be payable

to the Lender. In addition, Borrower and/or the applicable Guarantor agree to maintain property and casualty insurance on all major bridges used in connection with Borrower's/Guarantor's Crystal City and Rio Valley railroad lines.

8. Initial Appraisals. As a condition to closing the Loans, the Borrower shall be required to furnish Lender with satisfactory appraisals of all Collateral described in this Agreement. The sum of the Revolving Loan and the Term Loans described herein shall not exceed the aggregate sum of each of the following calculations:

- (a) 80% of Eligible Accounts as shown on the Borrowing Base Certificates required hereunder;
- (b) 50% of the invoice value of any used equipment purchased with any portion of the proceeds of the Loans, or 70% of the invoice value of any new equipment purchased with any portion of the proceeds of the Loans;
- (c) 70% of the appraised value of a locomotive identified as 1-1500 hp SW 1200 EMD unit CYCY 1233;
- (d) 70% of the appraised value of a locomotive identified as 1-1200 hp SW 1200 EMD unit RSM 1209;
- (e) 70% of the appraised value of a locomotive identified as 1-1700 hp GP 7 EMD unit TRS 4159;
- (f) 70% of the appraised value of a locomotive identified as 1-1200 hp NW 2 EMD unit RSM 7;
- (g) 50% of the appraised value of the Real Property and all improvements thereon;
- (h) 95% of the cash value of the life insurance policy described in Section IV (a)(12) above.

9. Subsequent Appraisals. Upon Lender's request, Borrower shall be required, one time during the time this Agreement is in effect as to any Loan described herein, to furnish Lender with a satisfactory updated appraisal of all Collateral, prepared at the Borrower's expense. Lender reserves the right to require additional appraisals of Collateral, at its own expense, and Borrower/Guarantors agree to cooperate and make the Collateral available to Lender or its representatives, from time to time, for

such purpose. All such appraisals shall be based on then current market values and shall be prepared in accordance with Lender's requirements by a professional appraiser satisfactory to Lender.

10. Inspection. While this Agreement is in effect, the Borrower and Guarantor will permit representatives of the Lender, at the Lender's expense, to examine all of his/their books of account, records, reports and other papers, and to make copies and extracts thereof, all at such reasonable times and as often as may be reasonably requested by the Lender. In addition, Borrower, at Borrower's expense, shall make all Collateral available to Lender, and provide Lender, at Lender's option, and at a minimum, semi-annual physical count inspection reports of all Collateral pledged as security for the Loans.

11. Payment of Taxes. The Borrower and Guarantor will pay before they become delinquent, all taxes, assessments and governmental charges or levies imposed on the Borrower and/or Guarantor, or any of their assets, except where such taxes, assessments and governmental charges or levies are being contested in good faith, so long as procedures for contesting such items are strictly adhered to.

12. Principal Office. The Borrower will maintain its principal office in the State of Illinois where notices, presentations and demands in respect to this Agreement may be made upon it. Such office shall be maintained at 103 N. Oak, O'Fallon, Illinois 62269.

13. Corporate Existence. Each Guarantor will maintain and preserve its corporate existence, and will not form any subsidiaries, or issue any stock, without Lender's prior written consent.

14. Properties. The Borrower and each Guarantor agree to maintain their properties and assets (whether owned or leased) in good condition and make all necessary renewals, replacements, additions, and improvements thereto, consistent with sound business practice, and as is customary in the case of businesses similar to Borrower's and Guarantor's.

15. Contractual Obligations. Borrower and each Guarantor agree to comply in all material respects with all contractual obligations pertaining to them, including the prompt payment of all debts owed by Borrower and each Guarantor, including, but not limited to, interline and car line accounts, except where such obligations are being contested in good faith, so long as such contest is conducted in accordance with written agreements or established procedures.

16. Litigation. The Borrower shall give written notice to Lender of any proceeding, claim, dispute or loss contingency involving any Borrower and/or any Guarantor where the claim or



potential loss is equal to, or greater than, \$25,000.00, along with Borrower's/Guarantor's proposed plan of action to address any such event.

17. Notice of Events. The Borrower and each Guarantor agree to give Lender prompt written notice of any condition or event which has resulted, or might result in, (i) a material adverse effect upon the financial condition or business operations of Borrower or any Guarantor, (ii) an Event of Default under this Agreement, (iii) a material breach of or non-compliance with any term, condition or covenant of any material agreement of Borrower or any Guarantor, (iv) notice from the Federal Railroad Administration ("FRA") or the ICC or any other governmental authority or any other Person, the substance of which might have a material adverse effect on the financial condition or business operations of Borrower or any Guarantor, or (v) any change in accounting practices or procedures for Borrower or any Guarantor.

18. Maintenance and Repair of Railroad Lines. Borrower and each applicable Guarantor agree, but not by way of limitation as to the remainder of the maintenance and repair obligations agreed to herein, to the following:

- a. Upgrade and maintain the railroad line commonly referred to as the "Rio Valley Line" to a Class I standard (as defined by the FRA Track Safety Standards) on or before March 7, 1996;
- b. Maintain the railroad line commonly referred to as the "Rio Valley Line" at a Class I standard (as defined by the FRA Track Safety Standards);

19. Expenses and Compensation. Borrower agrees to pay all reasonable costs, fees and expenses paid or incurred by Lender incident to this Agreement, including the reasonable attorneys' fees and expenses of Lender's counsel in connection with any negotiation, preparation and execution of any Loan Documents, (however, it is agreed that so long as Borrower/Guarantors cooperate with Lender, and make all information required by Lender in its due diligence process readily available for review and approval by Lender, and provided that there are no unforeseen circumstances which arise during the course of document preparation, due diligence and/or closing which would cause delay or additional unanticipated legal work, then in such event, Lender agrees that the legal fees to be incurred by Borrower/Guarantors for the work performed by Lender's counsel, shall not exceed \$10,000.00) or any expenses incurred incident to the enforcement of the obligations of the Borrower hereunder including, but not limited to, reasonable attorneys' fees and court costs.

C. Quantitative Restrictions on Borrower.

The Borrower and Guarantors agree that the following financial ratios shall be maintained during the terms of the Loans:

(a) For Guarantors (on a consolidated basis) - Total Liabilities to Tangible Net Worth shall be less than, or equal to, 3.00 to 1.00;

(b) For Borrower - Total Liabilities to Tangible Net Worth shall be less than, or equal to, 1.50 to 1.00;

(c) Guarantors (on a consolidated basis) shall maintain a minimum Cash Flow Coverage Ratio of 1.50 to 1.00.

(d) Borrower shall maintain a minimum Cash Flow Coverage Ratio of 1.50 to 1.00.

Lender shall have the right to approve all components and calculations used by Borrower/Guarantors to maintain the above described financial ratios, including, but not limited to, all estimated market values used by Borrower/Guarantors to evidence compliance with this section. In the event Lender determines, in its reasonable judgment, that calculations and components used by Borrower to maintain such financial ratios are not satisfactory, written notice of such determination shall be given to Borrower and Guarantors, whereupon Borrower and Guarantors shall have ten (10) business days to provide Lender with such additional information as Borrower and Guarantors may require in order to justify the components and calculations used. In the event Lender remains unsatisfied as to Borrower's and/or Guarantor's components and calculations after such ten (10) day period, Lender may, at its option, declare an Event of Default hereunder.

D. Negative Covenants of the Borrower and Guarantors.

A deviation from the provisions of this Section D shall constitute an Event of Default under this Agreement, unless such deviation is consented to in writing by the Lender in the manner herein provided. In the absence of such written consent, so long as any part of the principal of or interest on the Notes, or any other debt of the Borrower or Guarantors to the Lender shall remain unpaid, the Borrower and/or Guarantors, as applicable, covenants and agrees that it/they shall not, directly or indirectly, do any of the following:

1. Other Indebtedness. Borrower and/or any Guarantor shall not incur, create, assume or permit to exist any indebtedness, or any other liability, evidenced by notes, bonds, standby letters of credit, debentures, capital or operating leases, or similar written obligations, in excess of \$50,000.00 in the aggregate per year.

2. Liens and Encumbrances. Borrower and/or Guarantors shall not, without the prior written consent of Lender, create, incur, assume or suffer to exist any mortgage, pledge, lien or encumbrance on any of its/their property, now owned or hereafter acquired, real, personal, tangible or intangible, except liens which secure Indebtedness permitted by this Agreement and statutory landlord's, mechanic's, workmen's, materialmen's or other like liens arising in the ordinary course of business with respect to obligations not yet due, and minor liens and encumbrances which, in the aggregate, are not substantial in amount, and do not in any case materially detract from the value of the property subject thereto.

3. Dividends. Guarantors shall not directly or indirectly declare or pay any dividends or make any other distribution upon any shares of its capital stock of any class, or issue any additional shares of any stock.

4. Capital Expenditures. Borrower and/or Guarantors shall not make any capital expenditures during the terms of the Loans, except as otherwise approved in accordance with the terms of this Agreement, and except for capital expenditures made in the ordinary course of business (not including capital expenditures made with any of the proceeds of the Term Loans), not to exceed the amount of \$75,000.00 per year (excluding expenditures made with the proceeds from the sale of any equipment of any Guarantor, so long as such expenditures are in the form of reinvestments in equipment for a Guarantor company).

5. Repurchase of Stock. No Guarantor shall repurchase any shares of its stock, of any class.

6. Guaranties. Borrower and/or any Guarantor shall not guarantee or otherwise in any way become, or be, responsible for obligations of any other Person, whether by agreement to purchase the indebtedness of such Person or agreement for the furnishing of funds to any other Person through the purchase of goods, supplies or services or by way of stock purchase, capital contribution, advance or loan, for the purpose of paying or discharging the indebtedness of any other Person, except for the endorsement of negotiable instruments by the Borrower or any Guarantor for collection or deposit in the ordinary course of business.

7. Disposition of Assets. Borrower and/or Guarantors shall not sell, transfer or otherwise dispose of any of his/their assets, except in the ordinary course of its business, and for full and fair consideration.

8. Merger, Consolidation and Partnerships. No Guarantor shall consolidate with, or merge into, or purchase any Person, or allow any Person to consolidate with or merge into or acquire any Guarantor, or transfer all of substantially all of its/their assets to, or acquire substantially all of the assets of any Person. Borrower and/or Guarantors agree they shall not individually or

collectively enter into any partnerships or other business associations without the prior written consent of Lender.

9. Change in Management or Ownership. The corporate structure of each Guarantor shall be maintained so that the majority ownership, and control and management, shall remain in and with Borrower.

10. Nature of Business. Borrower and Guarantors shall not permit any material change in the nature of their business from the general nature of such business engaged in by them on the date hereof.

11. Fiscal Year. Borrower and Guarantors shall not change their Fiscal Year.

12. No Advances/Loans. Borrower and/or any Guarantor shall not make any advances or loans, directly or indirectly, of any kind to any entity and/or individual. In addition, it is specifically agreed that no Guarantor shall make any advance to any shareholder after the effective date hereof.

13. Deviation from Negative Covenants. The procedure to be followed by the Borrower/Guarantor to request the consent of the Lender, such consent not to be unreasonably withheld, to any deviation from the negative covenants herein shall be as follows:

(a) The Borrower/Guarantor shall send a written notice to the Lender setting forth: (i) the covenant(s) of this Section (D) relevant to the matter; (ii) the requested deviation from the covenant(s) involved; and (iii) the reason for the Borrower's/Guarantor's request to deviate from the covenant(s); and

(b) Within fifteen (15) Business Days after receipt of the Borrower's/Guarantor's request, the Lender shall send a written notice to the Borrower/Guarantor permitting or refusing the request. Failure to respond on the part of Lender shall be deemed a denial of the request.

#### IX. Events of Default.

A. Nature of Events. Subject to the notice and right to cure provisions agreed to in Paragraph IX(C). below, any one or more of the following events which occur shall be considered an "Event of Default" as that term is used herein:

1. Payments. The Borrower shall fail to make payment of any installment of principal and/or interest on the Notes, or either of them, executed pursuant to this Agreement, within ten (10) days after such payment is due or validly declared due;

2. Providing Information. The Borrower or any Guarantor shall fail or refuse to furnish to the Lender any information, data, certificate, document or other matter which the Borrower or any Guarantor is required to furnish to the Lender, and which the Lender is entitled to receive hereunder, or which the Lender otherwise reasonably requests;

3. Affirmative Covenants and Quantitative Restrictions. The Borrower and/or any Guarantor shall fail to observe, perform or maintain any affirmative covenants and/or quantitative restrictions required in this Agreement to be kept, performed, or maintained by the Borrower and/or Guarantors;

4. Negative Covenants. The Borrower and/or Guarantor shall fail to observe, or comply with, any negative covenant contained herein.

5. Representations and Warranties. Any representation or warranty made by the Borrower and/or any Guarantor herein proves to have been untrue in any material respect as of the date hereof, or any representation, statement (including the Financial Statements), certificate or data furnished or made by the Borrower and/or any Guarantor (or any officer, accountant or attorney of Borrower and/or any Guarantor) hereunder proves to have been untrue in any material respect as of the date as of which the facts therein set forth were stated or certified;

6. Insolvency and Other Proceedings. If Borrower and/or any Guarantor shall: (i) make a general assignment for the benefit of creditors; (ii) apply for or consent to the appointment of a receiver, a trustee or a liquidator of itself or of all or a substantial part of its assets; (iii) be adjudicated as bankrupt or insolvent; (iv) file a voluntary petition in bankruptcy or file a petition or answer seeking reorganization or an arrangement with creditors or seeking to take advantage of any other law (whether Federal or State) relating to relief of debtors, or admit (by answer, by default or otherwise) the material allegations or a petition filed against it in any bankruptcy, reorganization, arrangement, insolvency or other proceedings (whether Federal or State) relating to relief of debtors; (v) suffer or permit to continue unstayed and in effect for sixty (60) consecutive days any judgment, decree or order entered by a court of competent jurisdiction, which approves a petition seeking reorganization of Borrower or any Guarantor, or appoints a receiver, trustee or liquidator of Borrower or any Guarantor, or of all or a substantial portion of the assets of Borrower or any Guarantor; (vi) takes or omits to take action for the purpose or with the result of effecting or permitting any of the foregoing.

7. Insecurity. The occurrence of any event or condition which causes the Lender, in its sole discretion, to deem itself insecure in connection with Borrower's ability to perform under the Loan Documents as agreed, even if Borrower's financial condition is

better than it is at the time of Borrower's execution of this Agreement.

**B. Remedies for Events of Default.**

1. **Termination and Acceleration.** Upon the happening of any Event of Default specified above, the Lender may, by written notice to the Borrower, terminate all commitments of the Lender to the Borrower including, but not limited to, the commitment of Lender to make any further Advances under this Agreement and/or the Notes, and, subject to the notice and cure provisions agreed to in Paragraph IX(C). below, Lender may declare due the entire principal amount of any or all (at Lender's option) of the Notes then outstanding hereunder, with all interest accrued thereon, and the same shall thereupon become and be immediately due and payable without further notice and presentment, demand, protest, notice of protest or other notice of default or dishonor of any kind, all of which are hereby expressly waived by each Borrower and Guarantors.

2. **Other Remedies.** Upon the happening of any Event of Default, the Lender may proceed (1) to protect and enforce its rights by any appropriate proceeding, whether for specific performance of any covenant or agreement contained in this Agreement, or in aid of the exercise of any power granted in this Agreement, or (2) to enforce the payment of the Notes due or (3) to enforce any remedy available under any Loan Document securing the Notes, or (4) to enforce any other legal or equitable right of which it may have against the Borrower and/or any Guarantor. The rights and remedies of the Lender under this Agreement, the Notes and the instruments referred to herein or executed in connection with or as security for the Notes, or any of them, shall be cumulative, and the exercise or partial exercise of any such right or remedy shall not preclude the exercise of any other right or remedy.

3. **Non-Waiver.** No course of dealing on the part of the Lender, nor any delay or failure on the part of the Lender to exercise any right, shall operate as a waiver of such right, or otherwise prejudice the rights, powers and remedies of the Lender hereunder.

4. **Expenses.** If the Borrower fails to pay when due the principal of, or interest, on the Notes, or any of them, or any other debt owed to the Lender by Borrower, or fails to comply with any other provision of this Agreement, the Borrower agrees to pay to the Lender such amounts as shall be sufficient to cover the costs and expenses, including, but not limited to, reasonable attorneys' fees, incurred by the Lender in collecting any sums due on the Notes or in otherwise enforcing or attempting to enforce any of its rights.

C. **Notice and Right to Cure.** Notwithstanding anything to the contrary contained herein, Borrower shall be entitled to written

notice from Lender specifying the occurrence of a non-monetary Event of Default, and the opportunity to cure such non-monetary Event of Default within ninety (90) days from the date of such notice; provided that Lender shall not be required to give more than two (2) such notices in any one year during the terms of the Loans.

D. Cross Default. The Borrower and Guarantor specifically acknowledge that in the event there occurs any Event of Default under any one of the Loans and/or Notes described herein, such event shall be (at Lender's option) an Event of Default under any or all of the other Notes and/or other Indebtedness.

X. Miscellaneous.

A. Notices. All notices, requests and demands shall be given to or made upon the parties hereto in writing at their respective addresses as follows:

Lender: NationsBank of Texas, N.A.  
Uvalde Banking Center  
220 E. Main Street  
Uvalde, Texas 78801-5639  
Attention: Mr. Kenneth Bonnet

Borrower: Gregory B. Cundiff  
Connie S. Cundiff  
103 N. Oak  
O'Fallon, Illinois 62269

All Guarantors: (Name of Guarantor)  
103 N. Oak  
O'Fallon, Illinois 62269

All such notices, requests and demands hereunder shall be effective when duly deposited in the mails, certified mail, return receipt requested, with postage prepaid.

B. Survival of Agreement. All representations, warranties and agreements herein made shall continue until the Indebtedness has been fully paid.

C. Successors and Assigns. All covenants and agreements herein contained shall be binding upon and shall inure to the benefit of the Borrower, the Guarantors, and the Lender, their heirs, successors and assigns.

D. Renewals and Extensions. All provisions of this Agreement relating to the Notes shall apply with equal force and effect to each and all promissory notes hereafter executed which in whole or in part represent a renewal, extension, rearrangement or substitution of any part of the Indebtedness originally represented by the Notes.

E. No Waiver. No course of dealing on the part of the Lender, its officers or employees, nor any failure or delay by the Lender with respect to exercising any right, power or privilege of the Lender under this Agreement, the Notes or any instrument now or hereafter executed in connection with or as security for the Notes, shall operate as a waiver thereof.

F. Governing Law and Venue. This Agreement and the Notes have been executed and delivered in the State of Texas and shall be deemed to be contracts made under and shall be construed in accordance with and governed by the laws of the State of Texas. Venue for all actions arising from this Agreement, or the Loans contemplated hereunder, shall be in Uvalde, County, Texas (for State Court actions) and/or the Western District of Texas (for Federal Court Actions).

G. Permitted Actions, Compliance with Agreement. Any action or transaction expressly permitted by the terms of this Agreement or which is hereafter permitted by waiver or approval by the Lender obtained pursuant to the provisions of this Agreement, may be taken or entered into by the Borrower only if after such action is taken or such transaction is completed, the Borrower will remain in compliance with all of the representations, warranties and covenants of this Agreement and no Event of Default will exist.

H. Exhibits. The exhibits attached to this Agreement are incorporated herein for all purposes, and shall be considered a part of this Agreement as if fully set forth herein. In the event there is any direct conflict between the terms and conditions of the documents attached as Exhibits and this Agreement, the Exhibits shall control.

I. Severability. In the event any one or more of the provisions contained in this Agreement, or in the Notes, or in any other instrument referred to herein, or executed in connection with the Notes shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or the Notes or any other instrument referred to herein or executed in connection with, or as security for, the Notes.

J. Usury Savings. The Borrower and the Lender intend that the extension of credit described herein shall conform strictly to the usury laws applicable to this transaction, which laws are agreed to be the laws of the State of Texas, except as otherwise preempted or modified by the laws of the United States of America.

K. Sale of Participations. Lender reserves the right to sell participations in the Loans to such other banks, or other responsible lending institutions, as it may choose.

L. Indemnification of Lender. Borrower hereby agrees to, and does hereby, indemnify and hold Lender harmless against any and all



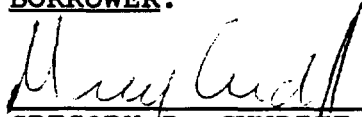
past, present or future liabilities, losses, damages, penalties, actions, judgments, suits, claims, costs, and expenses incurred by or asserted against Lender, in any way relating to or arising out of any of the Loans or the documents executed in connection with the Loans, or any of the actions contemplated therein, or any projects that Borrower may invest in with loan proceeds, to the extent that any of the same results, directly or indirectly, from any claims made or actions, suits or proceedings commenced by or on behalf of Borrower, Guarantor, or any third party other than the Lender.


IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed as of the day and year first above written.

THIS WRITTEN LOAN AGREEMENT, ALONG WITH THE OTHER LOAN DOCUMENTS REFERENCED HEREIN, REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

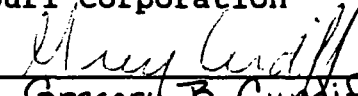
BORROWER:

  
GREGORY B. CUNDIFF

  
CONNIE S. CUNDIFF

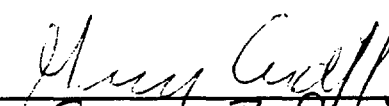
IRONHORSE:

Ironhorse Resources, Inc., a  
Missouri Corporation

By:   
Name: Gregory B. Cundiff  
Its: President

GUARANTORS:

RAILROAD SWITCHING SERVICE OF  
MISSOURI, INC., a Missouri  
Corporation

By:   
Name: Gregory B. Cundiff  
Title: President

TEXAS RAILROAD SWITCHING, INC., a  
Missouri Corporation

By: Gregory B. Cundiff  
Name: Gregory B. Cundiff  
Title: President

CSC ENTERPRISES, INC., an Illinois  
Corporation

By: Gregory B. Cundiff  
Name: Gregory B. Cundiff  
Title: President

CRYSTAL CITY RAILROAD, INC., a  
Missouri Corporation

By: Gregory B. Cundiff  
Name: Gregory B. Cundiff  
Title: President

IRONHORSE RESOURCES, INC., a  
Missouri Corporation

By: Gregory B. Cundiff  
Name: Gregory B. Cundiff  
Title: President

RIO VALLEY RAILROAD, INC., a  
Missouri Corporation

By: Gregory B. Cundiff  
Name: Gregory B. Cundiff  
Title: President

JME ENTERPRISES, INC., a Missouri  
corporation

By: Gregory B. Cundiff  
Name: Gregory B. Cundiff  
Title: President

GREGORY B. CUNDIFF  
GREGORY B. CUNDIFF, Individually

CONNIE S. CUNDIFF  
CONNIE S. CUNDIFF, Individually

**LENDER:**

NATIONSBANK OF TEXAS, N.A.-UVALDE  
BANKING CENTER

By: Kenneth Bonnet  
Name: KENNETH BONNET  
Title: AVP

STATE OF Missouri  
City  
~~COUNTY~~ OF St. Louis SS:

On this 4TH day of MARCH, 1993 before me,  
personally appeared Gregory B. Cundiff to me known to be the person  
described in and who executed the foregoing instrument and he  
acknowledges that he executed the same as his free act and deed.

[SEAL]

Kathleen TrueLove  
Signature of Notary

My commission expires:

OCT 4, 1994

KATHLEEN TRUELOVE  
NOTARY PUBLIC - STATE OF MISSOURI  
MY COMMISSION EXPIRES OCT. 4, 1994  
ST. LOUIS COUNTY

STATE OF Missouri  
~~City~~ OF St. Louis

SS:

On this 4TH day of MARCH, 1993, before me, personally appeared Connie S. Cundiff to me known to be the person described in and who executed the foregoing instrument and she acknowledges that she executed the same as her free act and deed.

[SEAL]

Kathleen Truelove  
Signature of Notary

My commission expires:

OCT 4, 1994

KATHLEEN TRUELOVE  
NOTARY PUBLIC - STATE OF MISSOURI  
MY COMMISSION EXPIRES OCT. 4, 1994  
ST. LOUIS COUNTY

STATE OF Missouri  
~~City~~ OF St. Louis SS:

On this 4TH day of MARCH, 1993, before me personally appeared, Gregory B. Cundiff, to me personally known, who being by me duly sworn, says that (s)he is the President of Ironhorse Resources, Inc., a Missouri corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL]

Kathleen Truelove  
Signature of Notary

My commission expires:

OCT 4, 1994

KATHLEEN TRUELOVE  
NOTARY PUBLIC - STATE OF MISSOURI  
MY COMMISSION EXPIRES OCT. 4, 1994  
ST. LOUIS COUNTY

STATE OF Missouri  
~~City~~ St. Louis  
~~COUNTY~~ OF St. Louis SS:

On this 4<sup>th</sup> day of MARCH, 1993, before me personally appeared, Gregory B. Cundiff, to me personally known, who being by me duly sworn, says that (s)he is the President of Railroad Switching Service of Missouri, Inc., a Missouri corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL]

Kathleen Truelove  
Signature of Notary

My commission expires:

OCT 4, 1994

KATHLEEN TRUELOVE  
NOTARY PUBLIC - STATE OF MISSOURI  
MY COMMISSION EXPIRES OCT. 4, 1994  
ST. LOUIS COUNTY

STATE OF Missouri  
~~City~~ St. Louis  
~~COUNTY~~ OF St. Louis SS:

On this 4<sup>th</sup> day of MARCH, 1993, before me personally appeared, Gregory B. Cundiff, to me personally known, who being by me duly sworn, says that (s)he is the President of Texas Railroad Switching, Inc., a Missouri corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL]

Kathleen Truelove  
Signature of Notary

My commission expires:

OCT 4, 1994

KATHLEEN TRUELOVE  
NOTARY PUBLIC - STATE OF MISSOURI  
MY COMMISSION EXPIRES OCT 4, 1994  
ST LOUIS COUNTY

STATE OF Missouri  
City  
COUNTY OF St. Louis SS:

On this 4TH day of MARCH, 1993, before me personally appeared, Gregory B. Cundiff, to me personally known, who being by me duly sworn, says that (s)he is the PRESIDENT of CSC Enterprises, Inc., an Illinois corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL]

Kathleen Truelove  
Signature of Notary

My commission expires:

OCT 4, 1994

KATHLEEN TRUELOVE  
NOTARY PUBLIC - STATE OF MISSOURI  
MY COMMISSION EXPIRES OCT. 4, 1994  
ST. LOUIS COUNTY

STATE OF Missouri  
City  
COUNTY OF St. Louis SS:

On this 4TH day of MARCH, 1993, before me personally appeared, Gregory B. Cundiff, to me personally known, who being by me duly sworn, says that (s)he is the President of Crystal City Railroad, Inc., a Missouri corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL]

Kathleen Truelove  
Signature of Notary

My commission expires:

OCT 4, 1994

KATHLEEN TRUELOVE  
NOTARY PUBLIC - STATE OF MISSOURI  
MY COMMISSION EXPIRES OCT. 4, 1994  
ST. LOUIS COUNTY

STATE OF Missouri  
City  
~~COUNTY~~ OF St. Louis SS:

On this 4<sup>TH</sup> day of MARCH, 1993, before me personally appeared, Gregory B. Cundiff, to me personally known, who being by me duly sworn, says that (s)he is the President of Ironhorse Resources, Inc., a Missouri corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL]

Kathleen Truelove  
Signature of Notary

My commission expires:

OCT 4, 1994

KATHLEEN TRUELOVE  
NOTARY PUBLIC - STATE OF MISSOURI  
MY COMMISSION EXPIRES OCT. 4, 1994  
ST. LOUIS COUNTY

STATE OF Missouri  
City  
~~COUNTY~~ OF St. Louis SS:

On this 4<sup>TH</sup> day of MARCH, 1993, before me personally appeared, Gregory B. Cundiff, to me personally known, who being by me duly sworn, says that (s)he is the President of Rio Valley Railroad, Inc., a Missouri corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL]

Kathleen Truelove  
Signature of Notary

My commission expires:

OCT 4, 1994

KATHLEEN TRUELOVE  
NOTARY PUBLIC - STATE OF MISSOURI  
MY COMMISSION EXPIRES OCT. 4, 1994  
ST. LOUIS COUNTY

STATE OF Missouri  
City St. Louis  
COUNTY OF St. Louis SS:

On this 4th day of MARCH, 1993, before me personally appeared, Gregory B. Cundiff, to me personally known, who being by me duly sworn, says that (s)he is the President of JME Enterprises, Inc., a Missouri corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL]

Kathleen TrueLove  
Signature of Notary

My commission expires:

OCT 4, 1994

KATHLEEN TRUELOVE  
NOTARY PUBLIC - STATE OF MISSOURI  
MY COMMISSION EXPIRES OCT. 4, 1994  
ST. LOUIS COUNTY

STATE OF Missouri  
City St. Louis  
COUNTY OF St. Louis SS:

On this 4th day of MARCH, 1993, before me, personally appeared Gregory B. Cundiff to me known to be the person described in and who executed the foregoing instrument and he acknowledges that he executed the same as his free act and deed.

[SEAL]

Kathleen TrueLove  
Signature of Notary

My commission expires:

OCT 4, 1994

KATHLEEN TRUELOVE  
NOTARY PUBLIC - STATE OF MISSOURI  
MY COMMISSION EXPIRES OCT. 4, 1994  
ST. LOUIS COUNTY



STATE OF Missouri  
City OF St. Louis SS:

On this 4TH day of MARCH, 1993, before me, personally appeared Connie S. Cundiff to me known to be the person described in and who executed the foregoing instrument and she acknowledges that she executed the same as her free act and deed.

[SEAL]

Kathleen Truelove  
Signature of Notary

My commission expires:

KATHLEEN TRUELOVE  
NOTARY PUBLIC - STATE OF MISSOURI  
MY COMMISSION EXPIRES OCT. 4, 1994  
ST. LOUIS COUNTY

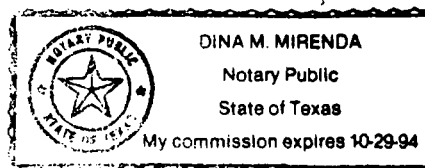
STATE OF TEXAS  
COUNTY OF BEXAR SS:

On this 5th day of MARCH, 1993, before me personally appeared, KENNETH EDNET, to me personally known, who being by me duly sworn, says that (s)he is the ASSISTANT VICE PRESIDENT of NationsBank of Texas, N.A.-Uvalde Banking Center, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL]

Dina M. Mirenda  
Signature of Notary

My commission expires:



ktb\7418.457  
loan1.agmt\pga\3

# EXHIBIT A

## REVOLVING LINE OF CREDIT NOTE

\$200,000.00

Uvalde, Texas

March 4, 1993

For value received, the undersigned promises to pay to the order of NATIONSBANK OF TEXAS, N.A., at its banking house in Uvalde, Uvalde County, Texas, the principal sum of Two Hundred Thousand and No/100 Dollars (\$200,000.00), or so much thereof as may be advanced from time to time, with interest from the date of each advance until maturity on the principal balance outstanding from time to time and remaining unpaid prior to default or maturity at the Prime Interest Rate (as hereinafter defined) plus two percent (2%) per annum (the "Applicable Rate"); provided that the interest payable shall not exceed the maximum amount that may be lawfully charged. Interest on this Revolving Line of Credit Note (this "Note") shall be calculated at a daily rate equal to 1/360th of the annual percentage rate which this Note bears, subject to the provisions hereof limiting interest to the maximum permitted by applicable law.

Interest only, computed on the unpaid principal balance of the Note shall be due and payable monthly as it accrues beginning April 1, 1993 and continuing regularly and monthly thereafter until May 1, 1994 when all unpaid principal and all accrued but unpaid interest shall be due and payable in full.

This Note is the Revolving Line of Credit Note which has been issued pursuant to the terms of a certain Loan Agreement (the "Loan Agreement") of even date herewith between, among other parties, maker and the holder hereof. Advances against this Note by holder shall be governed by the terms and conditions of the Loan Agreement. At no time shall outstanding advances exceed the sum of \$200,000. Prior to the maturity hereof, and subject to the provisions of the Loan Agreement, the maker hereof may borrow, repay, and re-borrow amounts not to exceed the limitations agreed to and/or the principal amount of this Note.

"Prime Interest Rate" shall mean the prime interest rate announced or published from time to time by NATIONSBANK OF TEXAS, N.A., and may not be the lowest interest rate charged by such bank.

At the option of the holder of this Note, the entire principal balance and accrued interest owing hereon shall at once become due and payable without notice or demand upon the occurrence at any time of any of the following events ("events of default"):

1. Default within ten (10) days after such payment is due or validly declared due, in the payment of any installment of principal or interest or in the payment of any other amount due hereunder or in the performance of any of the covenants or provisions of any deed of trust, mortgage, security agreement, assignment, loan agreement or other agreements securing this Note or evidencing, governing, securing, guaranteeing or pertaining to the loan evidenced hereby.

2. The liquidation, termination, dissolution or (if any of the undersigned or any guarantor is a natural person) death or legal incapacity of any of the undersigned or any guarantor hereof. Notwithstanding anything herein to the contrary, the death of Connie S. Cundiff shall not constitute an event of default hereunder.

3. The bankruptcy or insolvency of, the assignment for the benefit of creditors by, or the appointment of a receiver for any of the property of any party liable for the payment of this Note, whether as maker, endorser, guarantor, surety or otherwise.

4. Default in the payment of any other indebtedness due the holder hereof or default in the performance of any other obligation to the holder hereof by the undersigned or any other party liable for the payment hereof, whether as endorser, guarantor, surety or otherwise.

5. The belief by the holder of this Note that the prospect of payment or performance of any obligation under this Note is impaired.

The failure to exercise the option to accelerate the maturity of this Note upon the happening of any one or more of the events of default hereunder shall not constitute a waiver of the right of the holder of this Note to exercise the same or any other option at that time or at any subsequent time with respect to such uncured default or any other event of default hereunder or under any instrument securing, governing, guaranteeing or evidencing the loan evidenced by this Note. The remedies of the holder hereof, as provided in this Note and in any instrument securing, governing, guaranteeing or evidencing the loan evidenced hereby, shall be cumulative and concurrent and may be pursued separately, successfully or together as often as occasion therefor shall arise, at the sole discretion of the holder hereof. The acceptance by the holder hereof of any payment under this Note which is less than the payment in full of all amounts due and payable at the time of such payment shall not (i) constitute a waiver of or impair, reduce, release or extinguish any remedy of the holder hereof or the rights of the holder hereof to exercise the foregoing option or any other option granted to the holder or any other party in this Note or under any other instrument securing, governing, guaranteeing or evidencing the loan evidenced hereby, at that time or at any subsequent time, or nullify any prior exercise of any such option, or (ii) impair, reduce, release, extinguish or adversely affect the obligations of any party liable under such documents as originally provided therein.

After default or maturity, principal and past-due interest shall bear interest at the highest rate permitted by applicable law or, if no such maximum rate is established by applicable law, then at the Applicable Rate plus five percent (5%) per annum.

The makers, signers, sureties and endorsers of this Note severally waive demand, presentment, notice of dishonor, notice of intention to accelerate the indebtedness evidenced hereby, notice of the acceleration of the maturity hereof, diligence in collecting, grace, notice and protest, and agree to one or more extensions for any period or periods of time and partial payments, before or after maturity, without prejudice to the holder.

If this Note is not paid when due, whether at maturity or by acceleration, or if it is placed with an attorney for collection through a bankruptcy, probate or other court, whether before or after maturity, the undersigned agrees to pay all costs of collection, including but not limited to attorneys' fees and expenses incurred by the holder hereof.

Should this Note be signed by more than one party, all of the obligations herein contained shall be the joint and several obligations of each signer hereof.

This Note is secured, in part, by a Deed of Trust of even date herewith covering certain real property situated in the Counties of LaSalle, Dimmit and Zavala, State of Texas and Security Agreements of even date herewith covering equipment, rolling stock and accounts receivable. The proceeds of this Note are to be used for business, commercial, investment or other similar purposes and no portion thereof will be used for personal, family or household use.

On March \_\_, 1993, Gregory B. Cundiff and Connie S. Cundiff executed a (i) Term Promissory Note payable to the order of NationsBank of Texas, N.A., in the principal amount of \$348,000 and (ii) a Term Promissory Note payable to the order of NationsBank of Texas, N.A. in the original principal amount of \$282,000 (the "Additional Notes"). Any default in the payment of either of the Additional Notes or in the performance of the Deed of Trust or other security instruments securing payment of or collateral to it will constitute a default hereunder and, at the option of the holder hereof, the unpaid principal balance of this Note, together with accrued interest thereon, shall at once become mature and due and payable without notice, presentment or demand for payment, and the lien given to secure the payment of this Note may be foreclosed immediately. Likewise, any default in the payment of this Note or in the performance of the Deed of Trust or other security instruments securing payment of or collateral to it will constitute a default under each of the Additional Notes and, at the option of the holder thereof, the unpaid principal balance of the Additional Note, together with accrued interest thereon, shall at once become mature and due and payable without notice, presentment or demand for payment, and the liens given to secure the payment of the Additional Notes may be foreclosed immediately.

Prepayment of this Note in full or in part, at any time and from time to time, shall be allowed provided that: (i) maker shall give at least five (5) business days notice, (ii) interest on the amount to be prepaid, accrued to the prepayment date, shall be paid

on such prepayment date, (iii) each prepayment shall be in an aggregate amount of not less than \$100,000.00 and in increments of \$100,000.00 (unless such prepayment retires the remaining unpaid principal balance of the Note in whole), and (iv) any prepayments of the Note shall be in the amount of:

- (x) 100% of the principal amount to be prepaid, plus interest accrued thereon to the date of prepayment, in the event that the Reinvestment Yield plus Closing Spread shall, on the applicable Determination Date, equal or exceed the Note interest rate, or
- (y) 100% of the principal amount to be prepaid, plus interest accrued thereon to the date of prepayment, plus a premium, in the event that the Reinvestment Yield plus Closing Spread shall, on such Determination Date, be less than the Note interest rate.

The premium shall equal: (i) the sum of the amounts representing the present value of each remaining payment of the principal and interest which would be required absent such prepayment, determined by discounting each such amount utilizing an interest factor equal to the Reinvestment Yield plus Closing Spread, less (ii) the principal. The "Determination Date" shall be the date five (5) days before the date fixed for prepayment pursuant to a notice of the optional prepayment. The Reinvestment Yield shall mean the arithmetic mean of the rates published for the five (5) business days preceding the applicable Determination Date, in the weekly statistical release designated H.15 (519) or any successor publication of the Board of Governors of the Federal Reserve System under the caption "U.S. Government Securities--Treasury Constant Maturities" opposite the maturity corresponding to the remaining maturity of the Note. If no maturity exactly corresponding to such remaining maturity shall appear therein, yields for the two most closely corresponding published maturities shall be determined pursuant to the foregoing sentence and the Reinvestment Yield shall be the average of such yields. The "Closing Spread" shall be the difference between the Note interest rate and the Reinvestment Yield calculated based on the five (5) days preceding the Note closing date.

If any time after the date hereof, and from time to time, the holder hereof determines that the adoption or modification of any applicable law, rule or regulation regarding taxation, holder's required level of reserves, deposits, insurance or capital (including any allocation of capital requirements or conditions), or similar requirements, or any interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with interpretation, administration or compliance of holder with any such requirements, has or would have the effect of (1) increasing holder's costs relating to the obligation hereunder, or (2) reducing the yield or rate of return of holder on the obligation hereunder to a level below that which holder could have achieved but for the adoption or modification of any such

requirements, the undersigned maker shall, within fifteen (15) days of any requests by holder, pay to holder such additional amounts as (in holder's sole judgment, after good faith and reasonable computation) will compensate holder for such increase in costs or reduction in yield or rate of return of holder. No failure by holder to immediately demand payment on the additional amounts payable hereunder shall constitute a waiver of holder's right to demand payment of such amounts at any subsequent time. Nothing herein contained shall be construed or so operate as to require the undersigned maker to pay any interest, fees, costs or charges greater than is permitted by applicable law.

All payments on the indebtedness evidenced by this Note and by any documents securing or governing this Note, other than regularly scheduled payments, shall be applied to such indebtedness in such order and manner as the holder of this Note may from time to time determine in its absolute discretion.

All agreements between the undersigned and the holder hereof, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of acceleration of the maturity hereof or otherwise, shall the interest contracted for, charged or received by the holder hereof exceed the maximum amount permissible under applicable law. If, from any circumstance whatsoever, interest would otherwise be payable to the holder hereof in excess of the maximum lawful amount, the interest payable to the holder hereof shall be reduced to the maximum amount permitted under applicable law; and if from any circumstance the holder hereof shall ever receive anything of value deemed interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive interest shall be applied to the reduction of the principal hereof and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof such excess shall be refunded to the undersigned. All interest paid or agreed to be paid to the holder hereof shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full period until payment in full of the principal (including the period of any renewal or extension hereof) so that the interest hereon for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between the undersigned and the holder hereof.

The undersigned acknowledges and agrees that the holder of this Note may, from time to time, sell or offer to sell interests in the loan evidenced by this Note to one or more participants. The undersigned authorizes the holder of this Note to disseminate any information it has pertaining to the loan evidenced by this Note, including, without limitation, complete and current credit information on the undersigned, any of its principals and any guarantor of this Note, to any such participant or prospective participant.

Notwithstanding the foregoing, if at any time the Applicable Rate exceeds the maximum rate permitted by applicable law, the rate of interest to accrue on this Note shall be limited to such maximum rate; provided, however, any subsequent reductions in the Prime Interest Rate shall not reduce the rate of interest to accrue on this Note below such maximum rate until the total amount of interest accrued on this Note equals the amount which would have accrued if the Applicable Rate had been in effect at all times. If at maturity or final payment of this Note, the total amount of interest paid or accrued hereunder is less than the total amount of interest which would have accrued if the Applicable Rate had at all times been in effect, then Maker agrees to pay holder hereof an amount equal to the difference between (a) the lesser of (i) the amount of interest which would have accrued on this Note if the maximum rate had at all times been in effect, or (ii) the amount of interest which would have accrued if the Applicable Rate had at all times been in effect, and (b) the amount of interest accrued in accordance with other provisions of this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE LAWS OF THE UNITED STATES APPLICABLE TO TRANSACTIONS IN TEXAS.

To the extent that TEX. REV. CIV. STAT. ANN. Art. 5069-1.04, as amended, is applicable to this Note, the weekly ceiling specified in such article is the applicable ceiling; provided that, if any applicable law permits greater interest, the law permitting the greatest interest shall apply.

UNLESS OTHERWISE AGREED, THIS NOTE IS PAYABLE IN FULL ON MAY 1, 1994. ON MAY 1, 1994, YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THIS NOTE AND UNPAID INTEREST THEN DUE. NATIONSBANK OF TEXAS, N.A., IS UNDER NO OBLIGATION TO REFINANCE THE NOTE AT THAT TIME. YOU WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER, WHICH MAY BE THE LENDER YOU HAVE THIS LOAN WITH, WILLING TO LEND YOU THE MONEY TO PAY THIS NOTE. IF YOU REFINANCE THIS NOTE AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING FROM NATIONSBANK OF TEXAS, N.A.

IRONHORSE RESOURCES, INC., a  
Missouri corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

EXHIBIT "B"

## NATIONSBANK OF TEXAS, N.A. UVALDE BANKING CENTER

REQUEST FOR ADVANCE

IRONHORSE RESOURCES, INC.

Re: \$200,000.00 Revolving Loan ("Loan")

Requested Date for Advance \_\_\_\_\_

The Maximum Amount Available:

The lesser of: \$200,000.00

or

80% of Eligible Accounts Receivable \$ \_\_\_\_\_

Less: Current Principal Amount Outstanding as of  
the date of this Request (in aggregate) \$ \_\_\_\_\_Less: Amount Requested in this advance (not less  
than \$5,000.00) \$ \_\_\_\_\_

Loan Surplus/(Deficit) \$ \_\_\_\_\_

The undersigned does hereby certify as to the following:

- (a) that no event of default or potential event of default exists and is continuing under the Loan;
- (b) that all warranties and representations of Borrower made in the Loan Agreement executed in connection with the Loan are true and correct in all material respects;
- (c) Borrower hereby indemnifies and holds NationsBank of Texas, N.A., Uvalde Banking Center harmless from any mistake or misapplication of the funds requested pursuant to this request for advance as a result of unauthorized notices given by Borrower's principals, agents, or employees;
- (d) that all funds requested in this Advance shall be used for the following purposes: (List parties to receive funds and reason for and amount of payment to each party);  
  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (e) that all information contained herein is true and correct.

Ironhorse Resources, Inc.

by: \_\_\_\_\_  
its:



# EXHIBIT C

## TERM PROMISSORY NOTE

\$348,000.00

Uvalde, Texas

March 4, 1993

For value received, the undersigned promises to pay to the order of NATIONSBANK OF TEXAS, N.A., at its banking house in Uvalde, Uvalde County, Texas, the principal sum of Three Hundred Forty-Eight Thousand and No/100 Dollars (\$348,000.00), with interest from the date of advance until maturity on the principal balance outstanding from time to time and remaining unpaid prior to default or maturity at the rate of nine percent (9%) per annum (the "Applicable Rate"); provided that the interest payable shall not exceed the maximum amount that may be lawfully charged. Interest on this Term Note (the "Note") shall be calculated at a daily rate equal to 1/360th of the annual percentage rate which this Note bears, subject to the provisions hereof limiting interest to the maximum permitted by applicable law.

The principal and interest on this Note shall be due and payable in equal monthly installments of Four Thousand Four Hundred Eight and 32/100 Dollars (\$4,408.32) each, beginning on April 4, 1993 and continuing regularly and monthly thereafter on the 4th day of each calendar month until March 4, 2003 when all unpaid principal and all accrued but unpaid interest shall be due and payable in full.

At the option of the holder of this Note, the entire principal balance and accrued interest owing hereon shall at once become due and payable without notice or demand upon the occurrence at any time of any of the following events ("events of default"):

1. Default within ten (10) days after such payment is due or validly declared due, in the payment of any installment of principal or interest or in the payment of any other amount due hereunder or in the performance of any of the covenants or provisions of any deed of trust, mortgage, security agreement, assignment, loan agreement or other agreements securing this Note or evidencing, governing, securing, guaranteeing or pertaining to the loan evidenced hereby.

2. The liquidation, termination or dissolution of any Guarantor or the death or legal incapacity of Gregory B. Cundiff.

3. The bankruptcy or insolvency of, the assignment for the benefit of creditors by, or the appointment of a receiver for any of the property of any party liable for the payment of this Note, whether as maker, endorser, guarantor, surety or otherwise.

4. Default in the payment of any other indebtedness due the holder hereof or default in the performance of any other obligation to the holder hereof by the undersigned or any other party liable for the payment hereof, whether as endorser, guarantor, surety or otherwise.

5. The belief by the holder of this Note that the prospect of payment or performance of any obligation under this Note is impaired.

The failure to exercise the option to accelerate the maturity of this Note upon the happening of any one or more of the events of default hereunder shall not constitute a waiver of the right of the holder of this Note to exercise the same or any other option at that time or at any subsequent time with respect to such uncured default or any other event of default hereunder or under any instrument securing, governing, guaranteeing or evidencing the loan evidenced by this Note. The remedies of the holder hereof, as provided in this Note and in any instrument securing, governing, guaranteeing or evidencing the loan evidenced hereby, shall be cumulative and concurrent and may be pursued separately, successfullly or together as often as occasion therefor shall arise, at the sole discretion of the holder hereof. The acceptance by the holder hereof of any payment under this Note which is less than the payment in full of all amounts due and payable at the time of such payment shall not (i) constitute a waiver of or impair, reduce, release or extinguish any remedy of the holder hereof or the rights of the holder hereof to exercise the foregoing option or any other option granted to the holder or any other party in this Note or under any other instrument securing, governing, guaranteeing or evidencing the loan evidenced hereby, at that time or at any subsequent time, or nullify any prior exercise of any such option, or (ii) impair, reduce, release, extinguish or adversely affect the obligations of any party liable under such documents as originally provided therein.

After default or maturity, principal and past-due interest shall bear interest at the highest rate permitted by applicable law or, if no such maximum rate is established by applicable law, then at the Applicable Rate plus five percent (5%) per annum.

The makers, signers, sureties and endorsers of this Note severally waive demand, presentment, notice of dishonor, notice of intention to accelerate the indebtedness evidenced hereby, notice of the acceleration of the maturity hereof, diligence in collecting, grace, notice and protest, and agree to one or more extensions for any period or periods of time and partial payments, before or after maturity, without prejudice to the holder.

If this Note is not paid when due, whether at maturity or by acceleration, or if it is placed with an attorney for collection through a bankruptcy, probate or other court, whether before or after maturity, the undersigned agrees to pay all costs of collection, including but not limited to attorneys' fees and expenses incurred by the holder hereof.

Should this Note be signed by more than one party, all of the obligations herein contained shall be the joint and several obligations of each signer hereof.

This Note is secured, in part, by a Deed of Trust (with Security Agreement and Assignment of Rents and Leases) of even date herewith covering certain real property situated in the Counties of LaSalle, Dimmit and Zavala, State of Texas and Security Agreements of even date herewith covering equipment, rolling stock and accounts receivable. The proceeds of this Note are to be used for business, commercial, investment or other similar purposes and no portion thereof will be used for personal, family or household use.

On March 4, 1993, the Ironhorse Resources, Inc., a Missouri corporation, executed a Revolving Line of Credit Note payable to the order of NationsBank of Texas, N.A., in the principal amount of \$200,000.00 and on March 4, 1993, and the undersigned executed a Term Promissory Note payable to the order of NationsBank of Texas, N.A. in the principal amount of \$282,000.00 (collectively, the "Additional Notes"). Any default in the payment of either of the Additional Notes or in the performance of the Deed of Trust or other security instruments securing payment of or collateral to them will constitute a default hereunder and, at the option of the holder hereof, the unpaid principal balance of this Note, together with accrued interest thereon, shall at once become mature and due and payable without notice, presentment or demand for payment, and the lien given to secure the payment of this Note may be foreclosed immediately. Likewise, any default in the payment of this Note or in the performance of the Deed of Trust or other security instruments securing payment of or collateral to it will constitute a default under each of the Additional Notes and, at the option of the holder thereof, the unpaid principal balance of the Additional Notes, together with accrued interest thereon, shall at once become mature and due and payable without notice, presentment or demand for payment, and the liens given to secure the payment of the Additional Notes may be foreclosed immediately.

The undersigned maker shall have the right to prepay all or any part of this Note at any time prior to the maturity hereof, without premium or penalty, provided that each partial prepayment shall applied first to accrued and unpaid interest, and the remaining amount (if any) to the reduction of unpaid principal.

If any time after the date hereof, and from time to time, the holder hereof determines that the adoption or modification of any applicable law, rule or regulation regarding taxation, holder's required level of reserves, deposits, insurance or capital (including any allocation of capital requirements or conditions), or similar requirements, or any interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with interpretation, administration or compliance of holder with any such requirements, has or would have the effect of (1) increasing holder's costs relating to the obligation hereunder, or (2) reducing the yield or rate of return of holder on the obligation hereunder to a level below that which holder could have achieved but for the adoption or modification of any such requirements, the undersigned maker shall, within fifteen (15) days of any requests by holder, pay to holder such additional amounts as (in holder's sole judgment, after good faith and reasonable computation) will compensate holder for such increase in costs or reduction in yield or rate of return of holder. No failure by holder to immediately demand payment on the additional amounts payable hereunder shall constitute a waiver of holder's right to demand payment of such amounts at any subsequent time. Nothing herein contained shall be construed or so operate as to require the undersigned maker to pay any interest, fees, costs or charges greater than is permitted by applicable law.

All payments on the indebtedness evidenced by this Note and by any documents securing or governing this Note, other than regularly scheduled payments, shall be applied to such indebtedness in such order and manner as the holder of this Note may from time to time determine in its absolute discretion.

All agreements between the undersigned and the holder hereof, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of acceleration of the maturity hereof or otherwise, shall the interest contracted for, charged or received by the holder hereof exceed the maximum amount permissible under applicable law. If, from any circumstance whatsoever, interest would otherwise be payable to the holder hereof in excess of the maximum lawful amount, the interest payable to the holder hereof shall be reduced to the maximum amount permitted under applicable law; and if from any circumstance the holder hereof shall ever receive anything of value deemed interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive interest shall be applied to the reduction of the principal hereof and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof such excess shall be refunded to the undersigned. All interest paid or agreed to be paid to the holder hereof shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full

period until payment in full of the principal (including the period of any renewal or extension hereof) so that the interest hereon for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between the undersigned and the holder hereof.

The undersigned acknowledges and agrees that the holder of this Note may, from time to time, sell or offer to sell interests in the loan evidenced by this Note to one or more participants. The undersigned authorizes the holder of this Note to disseminate any information it has pertaining to the loan evidenced by this Note, including, without limitation, complete and current credit information on the undersigned, any of its principals and any guarantor of this Note, to any such participant or prospective participant.

Notwithstanding the foregoing, if at any time the Applicable Rate exceeds the maximum rate permitted by applicable law, the rate of interest to accrue on this Note shall be limited to such maximum rate; provided, however, any subsequent reductions in the Prime Interest Rate shall not reduce the rate of interest to accrue on this Note below such maximum rate until the total amount of interest accrued on this Note equals the amount which would have accrued if the Applicable Rate had been in effect at all times. If at maturity or final payment of this Note, the total amount of interest paid or accrued hereunder is less than the total amount of interest which would have accrued if the Applicable Rate had at all times been in effect, then Maker agrees to pay holder hereof an amount equal to the difference between (a) the lesser of (i) the amount of interest which would have accrued on this Note if the maximum rate had at all times been in effect, or (ii) the amount of interest which would have accrued if the Applicable Rate had at all times been in effect, and (b) the amount of interest accrued in accordance with other provisions of this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE LAWS OF THE UNITED STATES APPLICABLE TO TRANSACTIONS IN TEXAS.

To the extent that TEX. REV. CIV. STAT. ANN. Art. 5069-1.04, as amended, is applicable to this Note, the weekly ceiling specified in such article is the applicable ceiling; provided that, if any applicable law permits greater interest, the law permitting the greatest interest shall apply.

This Note and the Deed of Trust (with Security Agreement and Assignment of Rents and Leases) and related loan documents are given, in part, for the purpose of taking up, renewing and extending and bringing forward the unpaid balance of principal and interest owing on the following described note:

Promissory Note in the original principal amount of \$400,000, dated December 13, 1990, executed by Gregory B. Cundiff and Connie F. Cundiff, payable to the order of First Bank of Illinois and all collateral security therefore; and said liens created by the collateral security are hereby acknowledged by the undersigned to be a valid and subsisting liens, and said liens have been duly transferred and assigned to the holder hereof.

UNLESS OTHERWISE AGREED, THIS NOTE IS PAYABLE IN FULL ON MARCH 4, 2003. ON MARCH 4, 2003, YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THIS NOTE AND UNPAID INTEREST THEN DUE. NATIONSBANK OF TEXAS, N.A., IS UNDER NO OBLIGATION TO REFINANCE THE NOTE AT THAT TIME. YOU WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER, WHICH MAY BE THE LENDER YOU HAVE THIS LOAN WITH, WILLING TO LEND YOU THE MONEY TO PAY THIS NOTE. IF YOU REFINANCE THIS NOTE AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING FROM NATIONSBANK OF TEXAS, N.A.

---

GREGORY B. CUNDIFF

---

CONNIE S. CUNDIFF

# EXHIBIT D.

## TERM PROMISSORY NOTE

\$282,000.00

Uvalde, Texas

March 4, 1993

For value received, the undersigned promises to pay to the order of NATIONSBANK OF TEXAS, N.A., at its banking house in Uvalde, Uvalde County, Texas, the principal sum of Two Hundred Eighty-Two Thousand and No/100 Dollars (\$282,000.00), with interest from the date of advance until maturity on the principal balance outstanding from time to time and remaining unpaid prior to default or maturity at the rate of eight and one-half percent (8.5%) per annum (the "Applicable Rate"); provided that the interest payable shall not exceed the maximum amount that may be lawfully charged. Interest on this Term Note (the "Note") shall be calculated at a daily rate equal to 1/360th of the annual percentage rate which this Note bears, subject to the provisions hereof limiting interest to the maximum permitted by applicable law.

The principal and interest on this Note shall be due and payable in equal monthly installments of Five Thousand Seven Hundred Eighty-Five and 00/100 Dollars (\$5,785.00) each, beginning on April 15, 1993 and continuing regularly and monthly thereafter on the 15th day of each calendar month until March 4, 1998 when all unpaid principal and all accrued but unpaid interest shall be due and payable in full.

At the option of the holder of this Note, the entire principal balance and accrued interest owing hereon shall at once become due and payable without notice or demand upon the occurrence at any time of any of the following events ("events of default"):

1. Default within ten (10) days after such payment is due or validly declared due, in the payment of any installment of principal or interest or in the payment of any other amount due hereunder or in the performance of any of the covenants or provisions of any deed of trust, mortgage, security agreement, assignment, loan agreement or other agreements securing this Note or evidencing, governing, securing, guaranteeing or pertaining to the loan evidenced hereby.

2. The liquidation, termination or dissolution of any Guarantor or the death or legal incapacity of Gregory B. Cundiff.

3. The bankruptcy or insolvency of, the assignment for the benefit of creditors by, or the appointment of a receiver for any of the property of any party liable for the payment of this Note, whether as maker, endorser, guarantor, surety or otherwise.

4. Default in the payment of any other indebtedness due the holder hereof or default in the performance of any other obligation to the holder hereof by the undersigned or any other party liable for the payment hereof, whether as endorser, guarantor, surety or otherwise.

5. The belief by the holder of this Note that the prospect of payment or performance of any obligation under this Note is impaired.

The failure to exercise the option to accelerate the maturity of this Note upon the happening of any one or more of the events of default hereunder shall not constitute a waiver of the right of the holder of this Note to exercise the same or any other option at that time or at any subsequent time with respect to such uncured default or any other event of default hereunder or under any instrument securing, governing, guaranteeing or evidencing the loan evidenced by this Note. The remedies of the holder hereof, as provided in this Note and in any instrument securing, governing, guaranteeing or evidencing the loan evidenced hereby, shall be cumulative and concurrent and may be pursued separately, successfully or together as often as occasion therefor shall arise, at the sole discretion of the holder hereof. The acceptance by the holder hereof of any payment under this Note which is less than the payment in full of all amounts due and payable at the time of such payment shall not (i) constitute a waiver of or impair, reduce, release or extinguish any remedy of the holder hereof or the rights of the holder hereof to exercise the foregoing option or any other option granted to the holder or any other party in this Note or under any other instrument securing, governing, guaranteeing or evidencing the loan evidenced hereby, at that time or at any subsequent time, or nullify any prior exercise of any such option, or (ii) impair, reduce, release, extinguish or adversely affect the obligations of any party liable under such documents as originally provided therein.

After default or maturity, principal and past-due interest shall bear interest at the highest rate permitted by applicable law or, if no such maximum rate is established by applicable law, then at the Applicable Rate plus five percent (5%) per annum.

The makers, signers, sureties and endorsers of this Note severally waive demand, presentment, notice of dishonor, notice of intention to accelerate the indebtedness evidenced hereby, notice of the acceleration of the maturity hereof, diligence in collecting, grace, notice and protest, and agree to one or more extensions for any period or periods of time and partial payments, before or after maturity, without prejudice to the holder.



If this Note is not paid when due, whether at maturity or by acceleration, or if it is placed with an attorney for collection through a bankruptcy, probate or other court, whether before or after maturity, the undersigned agrees to pay all costs of collection, including but not limited to attorneys' fees and expenses incurred by the holder hereof.

Should this Note be signed by more than one party, all of the obligations herein contained shall be the joint and several obligations of each signer hereof.

This Note is secured, in part, by a Deed of Trust (with Security Agreement and Assignment of Rents and Leases) of even date herewith covering certain real property situated in the Counties of LaSalle, Dimmit and Zavala, State of Texas and Security Agreements of even date herewith covering equipment, rolling stock and accounts receivable. The proceeds of this Note are to be used for business, commercial, investment or other similar purposes and no portion thereof will be used for personal, family or household use.

On March 4, 1993, the Ironhorse Resources, Inc., a Missouri corporation, executed a Revolving Line of Credit Note payable to the order of NationsBank of Texas, N.A., in the principal amount of \$200,000.00 and on March 4, 1993, and the undersigned executed a Term Promissory Note payable to the order of NationsBank of Texas, N.A. in the principal amount of \$348,000.00 (collectively, the "Additional Notes"). Any default in the payment of either of the Additional Notes or in the performance of the Deed of Trust or other security instruments securing payment of or collateral to them will constitute a default hereunder and, at the option of the holder hereof, the unpaid principal balance of this Note, together with accrued interest thereon, shall at once become mature and due and payable without notice, presentment or demand for payment, and the lien given to secure the payment of this Note may be foreclosed immediately. Likewise, any default in the payment of this Note or in the performance of the Deed of Trust or other security instruments securing payment of or collateral to it will constitute a default under each of the Additional Notes and, at the option of the holder thereof, the unpaid principal balance of the Additional Notes, together with accrued interest thereon, shall at once become mature and due and payable without notice, presentment or demand for payment, and the liens given to secure the payment of the Additional Notes may be foreclosed immediately.

The undersigned maker shall have the right to prepay all or any part of this Note at any time prior to the maturity hereof, without premium or penalty, provided that each partial prepayment shall applied first to accrued and unpaid interest, and the remaining amount (if any) to the reduction of unpaid principal.

If any time after the date hereof, and from time to time, the holder hereof determines that the adoption or modification of any applicable law, rule or regulation regarding taxation, holder's required level of reserves, deposits, insurance or capital (including any allocation of capital requirements or conditions), or similar requirements, or any interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with interpretation, administration or compliance of holder with any such requirements, has or would have the effect of (1) increasing holder's costs relating to the obligation hereunder, or (2) reducing the yield or rate of return of holder on the obligation hereunder to a level below that which holder could have achieved but for the adoption or modification of any such requirements, the undersigned maker shall, within fifteen (15) days of any requests by holder, pay to holder such additional amounts as (in holder's sole judgment, after good faith and reasonable computation) will compensate holder for such increase in costs or reduction in yield or rate of return of holder. No failure by holder to immediately demand payment on the additional amounts payable hereunder shall constitute a waiver of holder's right to demand payment of such amounts at any subsequent time. Nothing herein contained shall be construed or so operate as to require the undersigned maker to pay any interest, fees, costs or charges greater than is permitted by applicable law.

All payments on the indebtedness evidenced by this Note and by any documents securing or governing this Note, other than regularly scheduled payments, shall be applied to such indebtedness in such order and manner as the holder of this Note may from time to time determine in its absolute discretion.

All agreements between the undersigned and the holder hereof, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of acceleration of the maturity hereof or otherwise, shall the interest contracted for, charged or received by the holder hereof exceed the maximum amount permissible under applicable law. If, from any circumstance whatsoever, interest would otherwise be payable to the holder hereof in excess of the maximum lawful amount, the interest payable to the holder hereof shall be reduced to the maximum amount permitted under applicable law; and if from any circumstance the holder hereof shall ever receive anything of value deemed interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive interest shall be applied to the reduction of the principal hereof and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof such excess shall be refunded to the undersigned. All interest paid or agreed to be paid to the holder hereof shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full

period until payment in full of the principal (including the period of any renewal or extension hereof) so that the interest hereon for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between the undersigned and the holder hereof.

The undersigned acknowledges and agrees that the holder of this Note may, from time to time, sell or offer to sell interests in the loan evidenced by this Note to one or more participants. The undersigned authorizes the holder of this Note to disseminate any information it has pertaining to the loan evidenced by this Note, including, without limitation, complete and current credit information on the undersigned, any of its principals and any guarantor of this Note, to any such participant or prospective participant.

Notwithstanding the foregoing, if at any time the Applicable Rate exceeds the maximum rate permitted by applicable law, the rate of interest to accrue on this Note shall be limited to such maximum rate; provided, however, any subsequent reductions in the Prime Interest Rate shall not reduce the rate of interest to accrue on this Note below such maximum rate until the total amount of interest accrued on this Note equals the amount which would have accrued if the Applicable Rate had been in effect at all times. If at maturity or final payment of this Note, the total amount of interest paid or accrued hereunder is less than the total amount of interest which would have accrued if the Applicable Rate had at all times been in effect, then Maker agrees to pay holder hereof an amount equal to the difference between (a) the lesser of (i) the amount of interest which would have accrued on this Note if the maximum rate had at all times been in effect, or (ii) the amount of interest which would have accrued if the Applicable Rate had at all times been in effect, and (b) the amount of interest accrued in accordance with other provisions of this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE LAWS OF THE UNITED STATES APPLICABLE TO TRANSACTIONS IN TEXAS.

To the extent that TEX. REV. CIV. STAT. ANN. Art. 5069-1.04, as amended, is applicable to this Note, the weekly ceiling specified in such article is the applicable ceiling; provided that, if any applicable law permits greater interest, the law permitting the greatest interest shall apply.

This Note and the Deed of Trust (with Security Agreement and Assignment of Rents and Leases) and related loan documents are given, in part, for the purpose of taking up, renewing and extending and bringing forward the unpaid balance of principal and interest owing on the following described note:

Promissory Note in the original principal amount of \$400,000, dated December 13, 1990, executed by Gregory B. Cundiff and Connie F. Cundiff, payable to the order of First Bank of Illinois and all collateral security therefore; and said liens created by the collateral security are hereby acknowledged by the undersigned to be a valid and subsisting liens, and said liens have been duly transferred and assigned to the holder hereof.

UNLESS OTHERWISE AGREED, THIS NOTE IS PAYABLE IN FULL ON MARCH 4, 1998. ON MARCH 4, 1998, YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THIS NOTE AND UNPAID INTEREST THEN DUE. NATIONSBANK OF TEXAS, N.A., IS UNDER NO OBLIGATION TO REFINANCE THE NOTE AT THAT TIME. YOU WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER, WHICH MAY BE THE LENDER YOU HAVE THIS LOAN WITH, WILLING TO LEND YOU THE MONEY TO PAY THIS NOTE. IF YOU REFINANCE THIS NOTE AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING FROM NATIONSBANK OF TEXAS, N.A.

---

GREGORY B. CUNDIFF

---

CONNIE S. CUNDIFF

teg/7418.457  
term1.not/pgs/4

## EXHIBIT E

All of those certain properties and/or property rights constituting a portion of the former Crystal City Branch of the Missouri Pacific Railroad, being all right, title and interest of Grantor in and to those certain strips or parcels of land or varying and/or tapering widths extending, in general, in a westerly or northwesterly direction from a line parallel with and 15.0 feet east of the west line of Lot 2 of Block 49 in the City of Gardendale, La Salle County, Texas, to the north line of Farm No. 59 of Francisco Pereyra Grant No. 108 in Zavala County, Texas; ALSO, all of those certain properties and/or property rights constituting a portion of the former Carrizo Springs Branch of the Missouri Pacific Railroad Company, being all right, title and interest of Grantor in and to those certain strips or parcels of land of varying and/or tapering widths extending, in general, in a southerly direction from the north line of Francisco Pereyra Grant No. 149 in the City of Crystal City, Zavala County, Texas, to the end of said Branch in the City of Carrizo Springs, Zavala County, Texas; and situate in the following legal subdivisions or surveys:

### LA SALLE COUNTY

<u>LOT(S)</u>	<u>BLOCK</u>	<u>SUBDIVISION</u>
2-6, inclusive	49	Town of Gardendale

### SURVEY

State Survey No. 84 of Gardendale Colony  
Indianola Railroad Company No. 91  
G. W. Caldwell No. 92  
Indianola Railroad Company No. 94  
B. Thomas No. 108

International & Great Northern Railroad	No. 20	Block 2
International & Great Northern Railroad	No. 19	Block 2
International & Great Northern Railroad	No. 1	Block 2

International & Great Northern Railroad	No. 17	Block 4
International & Great Northern Railroad	No. 16	Block 4
International & Great Northern Railroad	No. 18	Block 4
International & Great Northern Railroad	No. 15	Block 4
International & Great Northern Railroad	No. 14	Block 4
International & Great Northern Railroad	No. 9	Block 4
International & Great Northern Railroad	No. 10	Block 4
International & Great Northern Railroad	No. 11	Block 4
International & Great Northern Railroad	No. 2	Block 4
International & Great Northern Railroad	No. 1	Block 4
International & Great Northern Railroad	No. 36	Block 5

DIMMIT COUNTY

International & Great Northern Railroad	No. 1	Block 4
International & Great Northern Railroad	No. 36	Block 5
State Survey No. 29		
Julia Hall Survey No. 32		
J. Poitevent No. 31		
Julia Hall Survey No. 34		
International & Great Northern Railroad	No. 37	Block 2
International & Great Northern Railroad	No. 33	Block 2
International & Great Northern Railroad	No. 31	Block 2
International & Great Northern Railroad	No. 5	Block 2
International & Great Northern Railroad	No. 6	Block 2
International & Great Northern Railroad	No. 82	Block 1
International & Great Northern Railroad	No. 81	Block 1
International & Great Northern Railroad	No. 68	Block 1
International & Great Northern Railroad	No. 61	Block 1
International & Great Northern Railroad	No. 48	Block 1
International & Great Northern Railroad	No. 43	Block 1
International & Great Northern Railroad	No. 30	Block 1
International & Great Northern Railroad	No. 26	Block 1(*)
International & Great Northern Railroad	No. 13	Block 1
International & Great Northern Railroad	No. 14	Block 1
International & Great Northern Railroad	No. 4	Block 1
International & Great Northern Railroad	No. 31	Block 1
International & Great Northern Railroad	No. 3	Block 1
International & Great Northern Railroad	No. 2	Block 1
Thomas Webster No. 5		
Thomas Webster No. 4		
East Line & Red River Railroad Company	No. 2	
Narciso Aquirre Grant No. 182		
Narciso Aquirre Grant No. 178		
Narciso Aquirre Grant No. 177A		
Narciso Aquirre Grant No. 165		
Narciso Aquirre Grant No. 166		

ZAVALLA COUNTY

Narciso Aquirre Grant No. 166  
 Narciso Aquirre Grant No. 157  
 Francisco Pereyra Grant No. 156  
 Francisco Pereyra Grant No. 155

Francisco Pereyra Grant No. 148  
Francisco Pereyra Grant No. 149  
Francisco Pereyra Grant No. 132  
Francisco Pereyra Grant No. 126  
Francisco Pereyra Grant No. 108 (\*\*)  
Francisco Pereyra Grant No. 154  
Francisco Pereyra Grant No. 153

DIMMIT COUNTY

Francisco Pereyra Grant No. 153  
Francisco Pereyra Grant No. 170  
Francisco Pereyra Grant No. 177  
J. A. McClelland Survey No. 530  
Elizabeth Campbell Survey No. 268  
Stewart - Newell Survey No. 269 (Section-Unknown)  
Stewart - Newell Survey No. 269 (Section 10)  
Stewart - Newell Survey No. 269 (Section 7)  
Southern Pacific Railroad Company Survey No. 561  
Original Survey No. 562  
J. Poitvent Survey No. 18  
J. Poitvent Survey No. 17  
International & Great Northern Railroad Survey No. 3-1/8  
William Lane Survey No. 10  
A. Balle (Survey No. 2) (\*\*\*)

- (\*) EXCEPTING therefrom, all that portion of said Survey No. 26 lying south of a line parallel and/or concentric with and 50.0 feet distant southerly from the center-line of the main track of said Crystal City Branch, as originally constructed and operated.
- (\*\*) EXCEPTING therefrom, all that portion of said Grant No. 108 that lies north of the north line of Farm No. 59 of said Grant.
- (\*\*\*) INCLUDING therewith, all that portion of said survey lying south of Pena Street in said Carrizo Springs.

SAVE AND EXCEPT:**MISSOURI PACIFIC RAILROAD COMPANY****CARRIZO SPRINGS BRANCH**

All of those certain properties constituting a portion of the Carrizo Springs Branch of the Missouri Pacific Railroad Company, being all right, title and interest of said Railroad Company in and to those certain strips or parcels of land of varying and/or tapering widths heretofore acquired by said Railroad Company and/or its predecessor(s) extending, in general, in a southerly direction from a line drawn at right angles to the centerline of the main track of said Railroad Company at a point 2,813 feet south, measured along said centerline, from the north line of Francisco Pereyra Grant No. 149 in the City of Crystal City, Zavalla County, Texas, said point being in Farm No. 36 of said Grant and designated as Milepost 145.2 on said main line, to the end of said Branch at Milepost 156.35 in the City of Carrizo Springs, Zavalla County, Texas; and situate in the following legal subdivisions or surveys:

**ZAVALLA COUNTY**

Francisco Pereyra Grant No. 149  
Francisco Pereyra Grant No. 154  
Francisco Pereyra Grant No. 153

**DIMMIT COUNTY**

Francisco Pereyra Grant No. 153  
Francisco Pereyra Grant No. 170  
Francisco Pereyra Grant No. 177  
J. A. McClelland Survey No. 530  
Elizabeth Campbell Survey No. 268  
Stewart - Newell Survey No. 269 (Section-Unknown)  
Stewart - Newell Survey No. 269 (Section 10)  
Stewart - Newell Survey No. 269 (Section 7)  
Southern Pacific Railroad Company Survey No. 561  
Original Survey No. 562  
J. Poitvent Survey No. 18  
J. Poitvent Survey No. 17  
International & Great Northern Railroad Survey No. 3-1/8  
William Lane Survey No. 10  
A. Balle (Survey No. 2) (\*)

(\*) INCLUDING therewith, all that portion of said survey lying south of Pena Street in said Carrizo Springs.



EXHIBIT "F"

1. Equipment Lease dated September 1, 1988 by and between Stegmann Enterprises, Inc., a Missouri corporation ("Lessor") and Merchants Management Corporation ("Original Lessee"), the Original Lessee's interest having been subsequently assigned to Gregory B. Cundiff ("Cundiff"), and Cundiff's interest therein having been subsequently assigned to CSC Enterprises, Inc., an Illinois corporation, and pertaining to the lease of a diesel locomotive.
2. Lease Agreement By and Between Missouri Pacific Railroad Company ("Lessor") and Rio Valley Railroad, Inc., a Missouri corporation ("Lessee"), dated February 23, 1993 and pertaining to certain lines of railroad in the State of Texas.